Justice

- Consultation and collaboration with First Nations and other Yukoners on Yukon's correctional system including the replacement of the Whitehorse Correctional Centre.
- $340 K primarily to support First Nations Community Constable Program.
- $ 95 K increase to Victims Services Family Violence Prevention Unit.

Public Service Commission

- $116 K for Workplace Harassment Prevention Office.
- $291 K for Workplace Diversity Employment Officer for implementing land claims and employment of persons with disabilities.

Tourism and Culture

- $500 K for Tourism Co-operative Marketing Fund.
- $300 K for Carcross Tagish Cultural Centre.
- $414 K for Visitor Exit Survey.
- $200 K for Decade of Sport and Culture.
- $74 K for First Nation Heritage Officer.
- $200 K for Gateways Cities program.

Women's Directorate

- Focused on Family Violence Prevention.

FOR A COPY OF THE COMPLETE

2004/2005 CAPITAL BUDGET

please contact the Yukon Government at
667-5811
or Toll Free at 1-800-661-0408,
or go to our website at: www.gov.yk.ca
or you can write to us at:

Yukon Government
Department of Finance
PO Box 2703
Whitehorse, Yukon
Y1A 2C6

BUDGET HIGHLIGHTS

2004 - 2005

Yukon
Finance

BUDGET HIGHLIGHTS

Community Services

- $1.3 M for new community hall in Ross River.
- $1.25 M contribution to new community hall in Mayo.
- $370 K for seniors housing.
- $10 per hour wage increase for volunteer firefighters.
- $95 K for humane societies.
- $700 K for a domestic well-digging program.
- $1.5 M for Firesmart.

Economic Development

- New economic direction developed in collaboration with stakeholders.
- $3.5 M for CDF.

Education

- $700 K for planning school in Carmacks.
- $500 K for improvements to Porter Creek Secondary School.
- $1 M increase to base grant of Yukon College for a total of $14.4 M.
- $335 K for alternate path school.
- $1.5 M for Community Training Fund with $500 K for trades training.

Energy, Mines & Resources

- $500 K for Yukon Mineral Exploration Training Program.
- Facilitated Kaska –Teck Cominco agreement on potential R-15 mine site in southeast Yukon.
- Forestry agreement with Champagne and Aishihik First Nations on beetle kill in Kluane.
- Facilitated formation of Aboriginal Pipeline Group.
- Forestry agreement with Kaska in southeast Yukon.

Environment

- $582 K for interim operation of Yukon Wildlife Preserve.
- $146 K for Chisana Caribou Recovery Project.
- 3 year project to construct Tombstone Interpretive Centre.
- $15 K for electronic waste management.

Executive Council Office

- MOU on formalized government to government relationship with First Nations.
- $215 K additional support for youth groups.

Finance

- Reduction of Small Business Tax Rate and increase in Small Business Tax Deduction Limit.
- 3 year extension of Yukon Mineral Tax Credit.
- Increase in Yukon Child Benefit.

Health and Social Services

- $320 K for FASD Action Plan.
- $1.8 M to open seven more beds in Macaulay Lodge and twelve new beds in Copper Ridge Place.
- $675 K for enhanced day care funding.
- $200 K for increase in honorariums for volunteer ambulance attendants.
- $600 K for multi-level care facilities in Watson Lake and Dawson City.

Highway and Public Works

- $17 M for Shakwak Highway projects.
- $4.8 M for Campbell Highway upgrading.
- $1.5 M for planning Yukon River Bridge at Dawson City.
- $425 K for Whitehorse Waterfront Trolley expansion.
- $5.8 M for Information Technology upgrade.

Budget Address 2004 - 2005

Operation & Maintenance *and* Capital

Budget Speech

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Long Term Plans

Financial Information

Yukon
Finance

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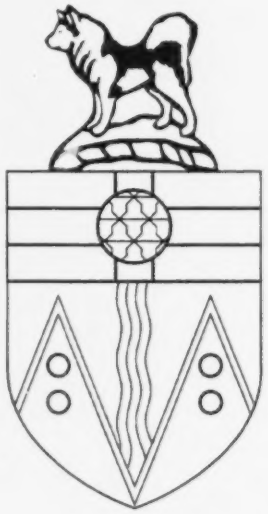

Budget Address
2004 - 2005

presented by

Premier
Dennis Fentie

First Session of the Thirty-First

Yukon Legislative Assembly

Whitehorse, Yukon
March 25, 2004

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I. PUTTING OUR FISCAL HOUSE IN ORDER AND SETTING THE FUTURE AGENDA

Mr. Speaker, Honourable Members, it is indeed a privilege to table today the Government of Yukon's Capital and Operation and Maintenance Budget for the 2004-2005 fiscal year.

The total Capital and Operation and Maintenance Budget for 2004-2005 is $705.7 million.

The Operation and Maintenance Budget totals $543.1 million of which $53.0 million is recoverable.

The Capital Budget totals $162.6 million of which $57.2 million is recoverable.

This is the largest capital budget in the history of Yukon. It is designed to stimulate the economy in the short, mid and long term.

There are no tax increases.

In 2003-2004 our government was tasked with changing the spending patterns of government while getting the territory's fiscal house in order.

Our government has been doing exactly that. Our finance officials have been working particularly hard to bring this about.

The negotiation of a new, five-year Territorial Formula Financing (TFF) agreement with the Government of Canada is a critical part of putting our fiscal house in order.

Early in 2003, the federal Department of Finance challenged our government to present a "Business Case" justifying the changes we are asking for in negotiating the new formula.

We are seeking some major changes in the Territorial Funding Formula, Health Support and for Economic Development:

(1) increasing the TFF expenditure bases to compensate for the five percent reduction in the expenditure base in 1995 that cut almost $200 million out of our transfers since that time;

(2) the removal of the GDP ceiling in 2004-2005; and

(3) including a proposed expenditure item for economic development funding.

We are seeking to secure more funding under the Canada Health and Social Transfer to incorporate the $20 million from the 2003 First Ministers' Accord on an ongoing basis beginning in 2006-07 by rolling it into our expenditure base.

We are seeking a federal commitment for a new economic partnership with the north to support the development and diversification of northern economies.

Other regions of Canada have access to funds such as the Atlantic Canada Opportunities Agency, Enterprise Cape Breton, and the Western Economic Diversification Fund.

The Economic Development Funds established in Yukon in the mid-eighties expired in 1997 and there have been no similar funds since, despite a commitment by the federal government to create such a fund in its 1998 Budget.

The 2003-2004 Budget laid the foundation for the territory's financial future.

The funding initiatives that I have outlined and the 2004-2005 Budget initiatives are going to build upon that foundation and will help determine the future economic course of the territory for the duration of our current mandate.

Of the four budgets this government will develop during our current mandate, the 2004-2005 Budget will be the most important.

It is our financial "flag ship" that, together with our recently released economic strategy, will help build a sustainable and competitive Yukon economy.

II. A NEW DIRECTION – BUILDING A SUSTAINABLE AND COMPETITIVE YUKON ECONOMY

Our major election commitment to Yukoners in 2002 was to rejuvenate the Yukon economy.

Our election platform states that we are to utilize government budgets and policies to restore investor confidence and create a responsible, sustainable economy.

The first challenge was to reinvent the Department of Economic Development and to re-establish a stand-alone Department of Tourism and Culture.

Both of these departments, in conjunction with other government departments, have a key role to play in building a sustainable and competitive Yukon economy.

The second challenge was to provide a basic roadmap that will guide the government's economic development actions and initiatives – the New Direction.

The process for developing this New Direction was officially launched on October 23, 2003 and involved representatives from 13 umbrella organizations in a key stakeholders group.

In addition to the round table session, the Department of Economic Development met with nearly 100 representatives from 18 organizations over a four week period.

Key to the consultations was the participation of the business community, labour groups and Yukon First Nation development corporations.

The Department of Economic Development categorized the inputs on defining Yukon competitive advantages and disadvantages into six core areas: resources, infrastructure, markets, business climate, investment, and capacity.

From this assessment of our advantages and disadvantages, a framework was developed for establishing an economic direction.

The new Yukon economic direction recognizes that the private sector is key to economic growth. It is the engine that drives economic growth in the territory.

The public sector must play a supportive role to help fuel that engine.

The consultations concluded that there are sufficient competitive advantages in the territory to build a strong sustainable economy that is grounded in private sector initiatives.

Here is what the private sector advised us to do:

- focus on the big picture rather than details;
- get our regulatory house in order and develop a positive business climate;
- attract outside investment;
- get beyond protectionist and risk-averse attitudes, and assist our people to compete in world markets;
- orient government activities towards development instead of away from it;
- aggressively market our products, services, industries, businesses and locations;
- position the Department of Economic Development to be an effective proponent for economic development both within and outside of government.

This advice from the private sector formed the basis of the new economic direction.

The consultation process concluded that the Yukon can revitalize its economy by recognizing our competitive advantages for each strategic industry and by targeting strategic projects.

It must also work on key enabling factors such as:

- shaping economic infrastructure to encourage development;
- aggressively seeking outside investment;
- developing the capacity of the population to engage in economic activity;
- encouraging entrepreneurship;
- marketing exports; and
- supporting innovation.

It is interesting to note here that some Yukon technology could be headed for Mars. NASA has contracted a Whitehorse firm to design an ice coring drill to be tested this spring in the high arctic. It may ultimately be used on the surface of Mars.

The Department of Economic Development will play a key role by working within government, with First Nations and the private sector and both within and outside Yukon.

In order to carry out its mandate, the Department of Economic Development will have access to the following funds:

- $1 million for the Enterprise and Trade Fund to provide export, marketing and business development support for small and medium-sized businesses;
- $1.5 million for the Strategic Industries Development Program to promote, market, and facilitate the development and growth of strategic industries and projects with significant economic impact in the Yukon;
- $500,000 for the Regional Development Program to facilitate and support First Nation and regional and economic development and planning initiatives;

- $100,000 for Economic Infrastructure Development to facilitate the planning and studies of projects with major economic development impacts; and
- $51,000 for Investment Development to cover consulting costs for the Yukon Investor Strategy and joint preparations of professional developments plans.

These funds are in addition to the $5.7 million for other capital programs included within the Department of Economic Development.

The existing programs include:

- Technology Innovation Centre;
- Technology Partnerships;
- Micro Loan Program;
- Film Development and Production Program;
- Business Incentive Program; and
- Community Development Fund.

The initiatives in the 2004-2005 Budget are in keeping with this new economic game plan.

Further, in my capacity as Minister of Finance, I am pleased to announce a Small Business Corporate Tax Rate Reduction from 6% to 4% commencing January 1, 2005 and to increase the small business tax deduction limit from $300,000 to $400,000, commencing January 2007. These two initiatives will have a significant impact on small businesses in Yukon by leaving more disposable income in the hands of business owners to subsequently reinvest in the growth of their local enterprises. Also, lower rates will encourage businesses to establish their presence in Yukon, leading to even more employment opportunities. Such changes will impact all businesses without any preferential treatment given to a specific sector of the economy. The cost to government of the tax rate reductions is approximately $760,000 and the increase to the tax deduction limit will cost an estimated $125,000.

Our government's new economic strategy is the direction for long-term economic growth.

III. FOCUSING ON STRATEGIC INDUSTRIES AND PROJECTS

We are focused on our strategic industries: mining, tourism, cultural industries, forestry, oil and gas, energy, agriculture, transportation and construction, information technology, retail and wholesale trade.

A. Mining

It was the lure of gold that helped create the territory in 1898 and it was the mining industry that sustained the Yukon economy for over 100 years.

While the value of Yukon mineral production has fallen significantly since the Faro and Brewery Creek mine closures, there is an ever increasing sense of optimism in the mining sector as witnessed by Yukon Night at the Mineral Exploration Roundup 2004, known previously as the Cordilleran Roundup. This year's roundup was one of the largest ever.

The Yukon has enormous mineral potential and much of it remains untapped and yet to be discovered.

The placer gold industry remains the backbone of the mining industry in Yukon and with gold being valued around $400 U.S. an ounce, this industry will thrive and become even stronger in 2004-2005.

The Tombstone gold belt is one of several gold-rich mineral districts that starts in Alaska and spans over 550 km between Dawson City and MacMillan Pass and into the NWT. Exploration for intrusion-related gold deposits in the Tombstone belt remained modest until the late 1980s with the discovery of the Brewery Creek mine near Dawson City and Fort Knox near Fairbanks. A review of exploration statistics reveals that the belt is grossly under-explored. The potential of the belt is illustrated by the discovery in 1997 of the Harlan occurrence in east central Yukon and the Bear Paw discovery on the Clear Creek property in 1999.

Traditionally, the Selwyn Basin has been one of the major mining districts in Yukon. Prospector Al Kulan staked the Vangorda deposit – Anvil District in 1953. Exploration of this property marked the start of focused property and regional mineral exploration in the district which led to the discovery of four additional lead, zinc, and silver deposits between 1965 and 1976. Mining of the Faro deposit started in 1969 and was exhausted in 1997. It produced mined reserves of 56.6 million tonnes with an overall grade of 5% zinc, 3% lead and 34 grams per tonne of silver.

While the Anvil deposit has been mined out, other deposits such as Howard's Pass and MacMillan Pass remain underdeveloped.

The Finlayson Lake district is another resource rich region that remains underdeveloped.

To date, five deposits and numerous occurrences have been discovered in the Finlayson Lake massive sulfide district. These include Kud Ze Kayah, GP4F, Wolverine Lake, FYRE, and ICE.

In 1998, a new occurrence of emeralds was discovered in the Finlayson Lake area as well, creating considerable interest and excitement for higher levels of exploration in the region. There are rumours of potential diamond and sapphire discoveries too further fueling this excitement.

Interest in mineral occurrences containing platinum group elements has also increased significantly as a result of recent dramatic price increases. Approximately half of the 37 known occurrences are located in the Kluane Belt with the largest being the Wellgreen deposit. There is evidence to suggest that other localities in the Yukon have similar potential.

Yukon and adjacent NWT host an extraordinary endowment of tungsten mineralization. The region has a resource of approximately one million tonnes of contained metal representing approximately 20% of the world's resources, with a current market value of about six billion dollars U.S.

It is the job of our government to create a positive investment climate that will encourage the mining sector to increase their exploration and development of Yukon's vast mineral resources.

Our government accepts that responsibility.

We are doing that job.

We had to intervene early in 2003 when the federal Department of Fisheries and Oceans unilaterally decided to cancel the Yukon Placer Authorization and introduced new water quality standards that would have forced the closure of the majority of existing placer mining operations in the territory.

Thanks to the efforts of the Klondike Placer Mining Association, the Yukon Chamber of Mines, First Nations, other business organizations, individual Yukoners and our government, a new Yukon Placer Authorization that recognizes industry needs is being developed collaboratively with industry, First Nations, Canada and Yukon.

It is appropriate here to pay tribute to the late Al Kapty who served as the Chairman of the Yukon Placer Committee for many years. Al was a faithful and vocal supporter of the Yukon's economy. As Chair of the Yukon Placer Committee his wise counsel made him a key player in the Yukon's placer mining industry. We are grateful for his years of tremendous service and remain forever in his debt.

On January 28, 2003, our government announced the discontinuation of the seriously flawed Yukon Protected Areas Strategy that was eroding investor confidence in the territory.

Since that time mining exploration in the territory increased to over $13 million in 2003 from the $6.9 million in 2002 and is expected to increase to around $30 million this year.

In order to make the most of this increase in exploration activity, the Department of Energy, Mines and Resources has budgeted $500,00 for the Yukon Mineral Exploration Technology Training Program. This pilot program will be developed in partnership with the mining industry, Council for Yukon First Nations, Chambers of Commerce, Advanced Education and Yukon College.

The goal of the program is to train 60 individuals for summer exploration work in the mineral sector. The program has two phases – classroom training sessions and exploration field school.

The program has the potential for providing much needed employment in the communities while providing the mining industry with individuals who are trained and ready for work in the mineral exploration sector.

In order to promote more mining investment in the territory, our government continued the Yukon Mineral Exploration Tax Credit in 2003 and has extended it for a further three years in our 2004-2005 Budget.

On April 1, 2003, our government assumed the management and control of Yukon land and natural resources under the Devolution Transfer Agreement.

Most of the former DIAND employees were incorporated into the Department of Energy, Mines and Resources (EMR).

EMR succeeded in combining the former DIAND and Yukon government employees into one department focused on responsive client service and anchored by core values that include professionalism, integrity, and a "can do" attitude.

The ability of our government to manage Yukon land and resources gives the Yukon a competitive advantage when it comes to promoting the development of some of our strategic industries.

For example, the Department of Energy, Mines and Resources, the Department of Environment and the Executive Council Office worked collaboratively with Viceroy Resources on environmental assessment re-licensing and security release initiatives associated with the closure of the Brewery Creek mine site.

$70,000 will be utilized to conduct a Competitive Benchmarking Study. Our government intends to ensure that the Yukon is a competitive place for investors by establishing criteria to quantify Yukon's competitiveness compared to the rest of Canada in the area of resource investment.

The Kaska Bilateral Agreement to open up resource development in southeast Yukon has resulted in an agreement between a major mining company, Teck Cominco, and Kaska Minerals Corporation on R-15 and exploration activity is expected to commence soon.

Having one of the major mining companies in North America, Teck Cominco, back in the Yukon is a major coup. Teck Cominco is interested in the development of long-term 20 to 30 year mines.

There is also renewed interest in UKHM at Elsa and Minto Copper as mineral prices continue to rise.

The Government of Yukon has taken over responsibility for the care and maintenance of three Yukon mine sites – BYG- Mt. Nansen, Clinton Creek and United Keno Hill Mines.

Over $4 million flowed to the Yukon government from Canada for the care of these mine sites creating employment opportunities and contract work for about 45 people and further indirect benefits through the purchase of goods and services from Yukon companies.

Approximately $13.6 million was spent on the Faro mine via the Interim Receiver for interim care and maintenance of which about $7.2 million was reported as Yukon expenditures.

The clean up costs for the Faro mine site are estimated to be a minimum of $200 million.

B. Tourism & Culture

The Tourism and Cultural industries are another two key strategic industries that have helped sustain the Yukon economy while mining and forestry were in decline.

Yukon's tourism sector contributes around 5% to GDP and generates 8% of employment in the Yukon. The contribution of tourism to GDP in the Yukon is the highest among all Canadian jurisdictions.

Tourism currently accounts for the bulk of Yukon's exports at around $100 million annually.

Moreover, tourism has potential for growth in maximizing value-added spending of visitors, increased linkages with other industries and in the promotion of niche areas such as learning, adventure, extreme sports and heritage tours.

The Department of Tourism and Culture is creating a new tourism co-operative marketing fund of $500,000 aimed at assisting tourism businesses in targeted innovative marketing programs.

This new fund directly supports tourism industry marketing initiatives that promote and position the Yukon as a four season destination.

Tourism is a highly competitive, dynamic global industry. New research is required to measure and monitor changing market trends and their related economic impacts. This is especially true as the very large baby boomer market is beginning to impact the Yukon tourism industry.

Consequently, our government is spending $414,000 on a Visitor Exit Survey that will provide timely, comprehensive and reliable tourism data to the Department of Tourism and Culture and to our partners in the tourism sector.

Information gathered in the 2004 Visitor Exit Survey will allow business and government to make sound decisions on opportunities for business development for the Yukon to compete in the global market place.

The successful Gateway Cities Program is receiving additional funding of $100,000 to increase traffic flow from our gateway cities of Calgary, Edmonton and Vancouver for a total of $200,000.

Air access is important to the growth of tourism in Yukon.

We are pleased to announce that ZIP has recently joined the government, industry partners and Air North in this joint marketing partnership.

Our government is pleased to have a coordinated team working together to promote the Yukon as a tourism destination.

Along with other successful winter events like the Yukon Quest, the Sourdough Rendezvous and Frostbite Musical Festival, there is the very successful Fulda Extreme Arctic Challenge. This extreme sport event marketing initiative welcomes international athletes and media to the Yukon for a week of winter competition.

Media broadcast and print articles of the Fulda Challenge are seen throughout Europe and North America generating $186 million in estimated value of media exposure towards promoting and increasing awareness of the Yukon as a travel destination.

The Challenge generates $1.1 million each year in equipment rentals, transportation, food and beverage, accommodations, staging of events and other services.

A new two-year agreement was signed by our government and Fulda on February 5, 2004. Under the agreement, Yukon provides up to $150,000 towards marketing and promotion.

First Nation cultural centres, heritage attractions, research and product development all play an important role in the growth of Yukon's tourism industry.

Funding of $300,000 is being provided in 2004-2005 for the development of the Carcross/Tagish First Nation Heritage Cultural Centre to showcase their heritage.

This project will promote economic development in the area by providing jobs during construction and in the operation and maintenance of the centre in future years.

Further, there is a new funding program in 2004-2005 for existing cultural centres. $220,000 in funding support is being provided to Dawson, Teslin, Pelly Crossing and Carmacks to allow them to advance the development of their existing cultural centres.

This funding can be used to lever funding from other funding programs such as the federal Museums Assistance Program, Young Canada Works, and the Student Employment Program to name but a few.

A First Nations Heritage Officer will provide support to existing and emerging cultural/heritage centres in order to promote Yukon First Nation cultural and economic aspirations. Our government is contributing $74,000 for this initiative.

Our government is also working with the Vuntut Gwitchin First Nation in the development of a planned visitor reception centre in Old Crow. The $60,000 contribution will support the VGFN in building tourism opportunities.

The Department of Tourism and Culture is continuing to support the Dawson City Arts Society with $250,000 towards the annual operating costs for arts and education programming, facilities expenses, staffing and administration.

Receding ice patches in Yukon recently led to the discovery of a 9,000 year old artifact and other important archaeological finds. These discoveries have received incredible media and sparked scientific interest throughout the world

Our government in conjunction with First Nations is providing an additional $35,000 towards ice patch research over the 2003 - 2004 forecast.

$190,000 is being allocated for product development to support any activity that conceives, plans or develops a service or product of interest to travellers as a means to encourage repeat visitation or attract new visitors.

The Yukon Brand promotes the territory as a great place to visit and a great place to do business. Accordingly, our government with industry input is investing $50,000 in 2004-2005 towards the development and implementation of a brand strategy.

In consultation with the City of Whitehorse, the Miles Canyon Railroad Society, MacBride Museum and White Pass, our government will be developing an interpretive plan for the roundhouse with $25,000 in heritage attraction site support.

The heritage community has long been in support of retaining this historic building as one of the last vestiges of historic use on the waterfront. It is also an election commitment of our government.

The permanent trolley car storage and repair facility will also provide a site for interpretation of the historic activities on the waterfront for Yukoners and visitors alike.

In keeping with our election commitment, the Waterfront Trolley will also be rolling north to the Chilkoot Centre this year with $425,000 planned for new track and additional loading platforms in the Highways and Public Works budget.

Approximately, 1,500 metres of track will be installed from the train's current terminus at the roundhouse along the bank of the Yukon river to the traffic lights at the south end of the Chilkoot Centre.

The Whitehorse Waterfront Trolley adds additional appeal to the waterfront and will move shoppers and visitors back and forth between the Chilkoot Centre and downtown Whitehorse.

The Department of Tourism and Culture in conjunction with the Department of Economic Development will be playing a lead role in the development of the Whitehorse Waterfront together with the City of Whitehorse, the Kwanlin Dun First Nation, and the Ta'an Kwachan First Nation.

The Kwanlin Dun First Nation is planning to construct a Cultural Centre on the waterfront which once built is bound to become a feature attraction.

Both the Whitehorse waterfront and Carcross waterfront projects would qualify under the federal Strategic Infrastructure Fund.

I will have more to say about the Whitehorse waterfront development when discussing strategic projects.

Governor Murkowski of Alaska has indicated his desire to see the White Pass & Yukon Route Railroad return to Whitehorse. Our government will facilitate discussions with the State of Alaska and White Pass & Yukon Route to determine how this possibility might be expedited.

The Governor of Alaska also expressed an interest in extending the tourism season along the Top of the World Highway with the eventual goal of year round operation. The decision to proceed with the planning and construction of the Yukon River Bridge at Dawson City makes this extension of the tourism season a possibility.

A bridge at Dawson City will reduce the long line ups for the George Black Ferry thereby making the Top of the World Highway a more attractive option for tour bus schedules and provide more options for "loop" tours utilizing both the Klondike Highway and the Alaska Highway.

On August 18th, 2004, Yukoners will be celebrating the 25th Anniversary of the opening of the Dempster Highway – Canada's first all-weather road to cross the Arctic Circle.

The Dempster Highway was the product of the vision of the Honourable John G. Diefenbaker, Prime Minister of Canada, who saw a new Canada – a Canada of the North.

The former Prime Minister was actually working on his speech for the opening of the Dempster Highway in 1979 when he passed away.

To this day, the Dempster Highway remains one of the most scenic highways in the world.

The Department of Tourism and Culture in conjunction with the Department of Community Services are providing funds to market events with Yukon cultural and community groups for the "Decade of Sport and Culture."

The Department of Tourism and Culture is contributing $200,000 this year as its share to develop and market events and initiatives with Yukon cultural and community groups in celebration of the 2007 Canada Winter Games and the 2010 Olympics. The Department of Community Services is providing $183,000 for existing games programs and a further $120,000 for the Best Ever Program to support sport development and opportunities.

Yukon's sport and cultural communities are going to be very busy over the next decade preparing for the Seniors Games in 2004, North American Indigenous Games, Canada Summer Games in Regina in 2005, the Canada Winter Games in Whitehorse in 2007, and the 2010 Olympic Games.

C. Cultural Industries

Cultural industries represent one of the fastest growing job-producers in the Yukon and include film and video production, sound recording, new media production, publishing, clothing design, and visual arts and crafts.

The Department of Economic Development has $675,000 in its 2004-2005 Budget in the Film Development and Production programs. This funding is augmented by a further $40,000 in the Film Infrastructure Fund.

Last December, The Elvis Project, a documentary film by Yukon film-maker Adam Green and Bill Kendrik received a prestigious award at the Anchorage Film Festival. The Elvis Project was also selected to be shown for a number of high profile film festivals in the lower 48 in Miami, Los Angeles, New York and Las Vegas.

In February of this year, the Yukon Film Makers Fund provided four local film makers with a total of $12,500 in funding support to develop their projects. The four projects were: Tending Toward Silence by Arlin McFarlane, Such As We Are by Christine Clarke, Mother's Day by Richard Lawrence, and Four Ways to Heal by Patrick McCormick.

Recently on March 15th, there was a feature film casting call for the "The Big White," a film starring major Hollywood celebrities. The production company will be shooting scenes in Whitehorse this April and is casting locally for a number of minor speaking roles.

There has also been a significant growth in sound recording and local publishing in recent years as Yukon now hosts six recording studios and two major book publishers.

Yukon cultural industries have proven to be competitive globally and have strong growth potential.

D. Forestry

Forestry is another strategic industry whose considerable potential has been severely damaged by past management practices.

The Yukon's forest sector has been impacted by regulatory uncertainties, a lack of secure forest tenures, the Canada/U.S. softwood dispute and low commodity prices in recent years.

Forest production has declined by 84% since 1997 as the closure of the two major milling operations affected production.

Growth in the forest sector will be aided by development of sound policy, new legislation, regulations and a stable timber supply as well as improvements in commodity prices and market conditions.

The Department of Energy, Mines and Resources (EMR) has worked hard to secure an "interim wood supply" that will enable an annual timber harvest of 128,000 cubic metres in southeast Yukon prior to the forest management plan expected in 2005.

60,000 cubic metres of wood supply will be available by the end of this month for late spring and summer harvesting. This is the first such opportunity since 2001, with an additional 60,000 cubic metres being made available later this summer.

$271,000 is being provided to implement programs to ensure sustainable, healthy forests.

Our goal is to achieve a long-term allowable cut and to attract interest in value-added manufacturing from the world's largest sellers of manufactured wood products.

Our government has also concluded a forest management and implementation agreement with the Champagne and Aishihik First Nations aimed at managing and renewing areas infested by spruce beetles.

EMR has $250,000 in its budget to cover the cost of this agreement with CAFN as

well as for regional forest management plans for Teslin, Dawson City and Old Crow.

The spruce bark beetle infestation was first identified by the Canadian Forest Service in 1992. It now covers over 300,000 hectares in Haines Junction and southwest Yukon.

The infestation had increased 300% by 2001. Infestation has changed the forest ecosystem and has negatively impacted the social and economic well being of the local people in the area. The wildfire hazard to the local population and infrastructure is extreme.

Under devolution, our government inherited this environmental "time bomb" that was left unattended for over a decade. We are acting to reduce this hazard while obtaining as much economic value from the wood as possible.

At the same time, our government has entered into fuel abatement programs in collaboration with the Town of Watson Lake, the Liard First Nation, and private contractors to reduce wildfire risk in the area while creating much needed jobs.

EMR is providing $200,000 for the Yukon-Kaska Forestry Agreement to establish a Kaska/Yukon Forest Authority to help build a strong industry and healthy forests for future generations in southeast Yukon.

In keeping with our election commitment, our government will develop a resource road in southeast Yukon commencing at Watson Lake to provide access to forestry, mining, oil and gas. This resource road will be developed in consultation with Liard First Nation and the Town of Watson Lake.

E. Oil & Gas

Yukon is fortunate to host significant oil and gas resources in eight sedimentary basins.

It is not surprising that we are keenly interested in the current efforts of producers, pipeline companies, aboriginal people and governments to develop the vast natural gas resources of Alaska, Yukon and NWT.

Yukon's petroleum potential has been aptly demonstrated by the existing Kotaneelee gas field in southeast Yukon; by significant oil and gas discoveries at Eagle Plains in north Yukon and by showings from wells drilled in the Peel Plateau area.

Previously, Yukon's natural gas resources were estimated to total about nine trillion cubic feet, an amount of gas equal to the proven discoveries in the MacKenzie Delta and near shore waters of the Beaufort Sea.

Subsequently, the Government of Yukon asked the Geological Survey of Canada to conduct four new resource assessments of the Eagle Plains Basin, the Liard Plateau, the Whitehorse Trough and the Peel Plateau.

The results were staggering. The estimated natural gas potential of the Eagle

Plains Basin was revised from two trillion cubic feet, upward to six trillion cubic feet.

The gas potential of this region tripled because of a better assessment.

On February 12, 2004, our government announced that the Geological Survey of Canada and the Yukon Geological Survey in consultation with the Little Salmon-Carmacks First Nation will conduct a seismic survey in the Whitehorse Trough near Carmacks.

The seismic work took place within the right-of-ways of the Campbell and Klondike highways and the Mount Nansen road in late February over a two-week period. The resulting data will be processed in Ottawa and the results will be released late in 2004.

The total cost of the project is approximately $930,000 with our government contributing $230,000.

We are keeping our fingers crossed that the seismic survey results will be as dramatic as the results from the Eagle Plains Basin.

The Kotaneelee field in southeast Yukon remains the Yukon's sole producer with two wells that have been in production for decades. These two wells have been ranked as being two of the most productive wells in Canada but are now beginning to water in.

Previous annual production has been estimated at between $8 million and $10 million.

Currently the wells yield 22 million cubic feet of gas per day with royalty revenues going to the Government of Yukon and First Nations. To date, Yukon First Nations have received $2.6 million from the Kotaneelee Fund.

Devon hopes to tap fresh reserves by drilling a new well from an existing location and by drilling horizontally from the shaft of a pre-existing well.

The projects are estimated to be worth $10 million and will create 30 to 50 jobs for contractors both on and off location.

The two producing wells at Kotaneelee feed into Duke Energy's Pointed Mountain Pipeline. The situation is ideal for further exploration as there is pipeline infrastructure already in place with spare capacity.

On March 8th, our government met with the Government of the Northwest Territories, the Kaska Nation, the Acho Dene Koe of the NWT, and the Canadian Association of Petroleum Producers to put together a business deal that would see a trans-boundary oil and gas disposition including southeast Yukon and southwest NWT. Our next step will be to involve the Department of Indian

Affairs and Northern Development because it still has jurisdiction over oil and gas dispositions in the NWT.

At the same time, our government called for oil and gas nominations in two areas of north Yukon. The first area, straddling the Dempster Highway, is in Eagle Plains.

The Yukon Government has issued three permits in this area to Devon Canada in the first two dispositions were held in 1999 and 2001.

The second area is the Peel Plateau next to the Yukon-NWT border. A permit in this area was issued to Hunt Oil in 2002.

Affected First Nations governments and stakeholders were consulted about the dispositions and careful consideration was given to their concerns.

The call for nominations closes May 11th.

F. Energy

Energy is a key ingredient for economic growth.

Yukon Energy Corporation (YEC) is the primary generator and transmitter of electrical energy in the Yukon. YEC is a wholly owned subsidiary of the Yukon Development Corporation.

YEC distributes electricity to wholesale and industrial customers and directly serves approximately 1,900 retail customers in the communities of Dawson City, Faro, Mayo, Champagne and other rural areas in the Yukon.

The electrical generating capacity of the Corporation is approximately 116 megawatts, of which 75 mw are provided by hydro facilities located at Whitehorse, Mayo and Aishihik Lake. 39 mw are supplied by diesel generators, while two wind turbines located near Whitehorse produce 0.8 mw.

The Yukon Development Corporation is currently working with the Department of Energy, Mines and Resources to properly separate their respective responsibilities for managing energy policy.

Effective January 1st, 2004, YDC/YEC implemented an amendment to the Rate Stabilization Fund (RSF) Rate Relief Program to provide the same level of subsidy to all customers.

The removal of the "claw back" was an election commitment and it has been met with the amendment.

Depending on their usage, approximately 30% of general service, non-government business customers in the Yukon will experience a 1% to 6% reduction on their power bills during the summer months.

The program will cost approximately $300,000 annually and will be funded through the government's existing Rate Stabilization Fund. The RSF was established to subsidize electrical bills for basic levels of monthly electricity consumption for residential, commercial and municipal customers.

In November 2003, the Yukon Energy Corporation requested the Auditor General of Canada to conduct a special examination of the Mayo/Dawson Transmission Line.

Construction of the 223 km line from the Mayo Hydro Generating Station to Dawson City started in June 2001 with an expected completion date of November 2002.

The original budget estimate for the project was $27.2 million and the current cost is $36.2 million and rising.

The Auditor General's Report on this examination will be tabled in the Yukon Legislative Assembly.

Currently, we are working with First Nations to explore options about how to involve them in energy development opportunities in the territory including equity participation in YEC.

On the conservation side, YDC, the Departments of Energy, Mines and Resources and Economic Development, the Yukon Housing Corporation, the Northern Climate Exchange at Yukon College and the federal government are working to identify new economic opportunities related to innovation and research in energy conservation and efficiency.

The Yukon Development Corporation, Yukon Energy Corporation and the Energy Solutions Centre have established an unincorporated joint venture known as the Centre for Environmental Stewardship.

The mandate of the Centre for Environmental Stewardship is to facilitate the participation of Yukon business and industry and engage in environmental stewardship activities contributing to sustainable development, healthy communities, and territorial energy self sufficiency.

In this regard, EMR has partnered with Natural Resources Canada to assess the viability of the fluidized bed boiler and gasifier at Yukon College and its potential to create economic opportunities. Our government recognizes the benefits that could be derived from the fluidized bed boiler and gasifier if it can be put into operation.

G. Agriculture

Yukon's agriculture sector is small but continues to grow and diversify.

There were 170 farms operating in the Yukon in 2001 with annual sales of $4.5 million.

Over 70% of the farms are located within 100 kilometres of Whitehorse.

Hay production is the largest sector followed by green housing, poultry farming and livestock.

According to the 2001 census, there is an estimated $50 million of capital investment in the agricultural sector, 75% of which is in land and buildings.

Growth potential in agriculture will come from substituting imported food in the Yukon market with home grown products.

In July 2003, our government signed the Canada-Yukon Implementation Agreement which now enables money to flow through our Agriculture Policy Framework Agreement.

The signing of these agreements has leveraged significant federal funds to the territory for the enhancement and development of our agriculture industry.

Currently we are working with Canada and the Yukon Agriculture Association to flow $190,000 of federal transition funding to Yukon farmers to improve productivity in Yukon's agriculture sector.

Our government is working to update and modernize the agriculture policy to assist and ensure a steady growth of the Yukon agriculture industry.

We plan to have a new policy in place by the fall of 2004.

Thirteen agricultural land titles were issued in 2003 for a total of 460 hectares.

H. Transportation and Construction

The Yukon is fortunate to have a highly developed highway system unlike our two sister territories which gives us a competitive advantage.

Every year our highway system gets better.

The Shakwak Project has been and continues to be a critical component of our transportation system. Seven Shakwak projects are planned for this year to help ensure our key highways and corridors with Alaska are upgraded and maintained.

Close to $17 million worth of work on the Alaska Highway will be under the Shakwak agreements between Canada and the United States. The first tender was issued February 6th.

Over the past 25 years, the Shakwak agreement has funded the complete reconstruction of the Haines road, some of the Alaska Highway reconstruction north of Haines Junction as well as major reconstruction of the highway north and south of Burwash Landing.

The upgrading and improvement of the Klondike Highway remains a priority of our government.

Our government's decision to proceed with the construction of the Yukon River Bridge at Dawson City to replace the George Black Ferry will increase the strategic importance of this highway in promoting more tourism, trade and commerce that will benefit Dawson City and the entire territory. $1.5 million is being provided in this budget for design work and consultation.

Further, the Department of Highways and Public Works has budgeted $2.95 million for upgrading the Teslin River Bridge as we continue to improve and upgrade our existing bridge infrastructure.

A two-year, $2.75 million road reconstruction project will get underway this summer just south of Dawson City for rebuilding 5.1 km of highway between the Callison Industrial Subdivision and Crocus Bluff.

The Campbell Highway offers key access to the resource rich southeast Yukon, recreation areas and links between communities.

Close to $4.8 million in 2004-2005 will be invested to improve and upgrade this strategically important highway.

A hard BST surface will be applied to sections between kilometres 456 and 505 and the southern portion, kilometres 20 through 30, will be upgraded.

These investments in the Campbell Highway are in keeping with our election commitment and will benefit all users, particularly the residents of Ross River and Faro.

Our government is exploring ways to improve opportunities for smaller contractors to bid on Yukon road construction projects in order to provide more jobs in Yukon communities. $2 million for pavement rehabilitation will be provided to implement this initiative.

Major work will be done this summer on the Tagish Road to bring the route up to an 80 km standard and improve safety conditions. $1.5 million will be spent in 2004 - 2005 and $280,000 in 2005 - 2006.

Airports are also on our list of improvements.

Close to $1.4 million will be invested in Whitehorse Airport improvements as part of upgrades funded by the Canadian Air Transport Security Authority (CATSA) and the Yukon Government.

The departure gate areas will be upgraded and additional equipment installed to ensure the safest possible environment for visitors and residents using the facility.

Transport Canada announced on March 12, 2004, that it will be providing $2.96 million under the Airports Capital Assistance Program to enable the Yukon Government to proceed with a major airside reconstruction project at the Old Crow Airport over the next two summers. Work in the first year will be mainly crushing and stockpiling gravel. This work will begin in June.

In 2005, work will include placing the gravel on the existing runway as well as completely upgrading the airport lighting system.

Work will also begin on a new air terminal building in Old Crow later this summer.

The first step is the installation of a wood foundation which is phase one of a three phase project. Next year, the estimated $1.8 million air terminal building will be constructed. In year three, the old terminal building site will be rehabilitated, the apron expanded and the ground work completed.

The project will cost an estimated $2.3 million and provide 309 square metres of building space. The existing building is only 90 square metres.

The Old Crow air terminal building was built in 1979 and serves as the gateway for the only public transportation to and from the community.

Construction of the air terminal building was top priority in the Vuntut Gwitchin Old Crow Physical Development Plan.

In Watson Lake, the Department of Highways and Public Works will be providing $415,000 for a new weigh scale station.

The new facility will face the highway, use the same scale and offer an improved environment for truckers and the carrier compliance staff alike.

This project will bring badly needed economic benefits to Watson Lake through supply purchases and employment for the building trades.

Our government looks forward to providing opportunities for Watson Lake contractors to work on this project.

Overall Yukon's construction sector is highly variable and contributes around 8.5% of GDP. The low interest rate environment of the last few years has boosted commercial and housing development.

The Canada Winter Games construction activity will provide benefits over the next few years and the Yukon will receive over $44 million in federal government infrastructure funding over the next three years.

Our road contractors, construction contractors, equipment operators and trades people are going to be very busy.

The Department of Highways and Public Works is proposing capital expenditures of $71.4 million in 2004-2005, which is close to a 60% increase over last year's main estimates with a 46% increase in highway construction projects over last year's main estimates.

These projects are important to all Yukoners.

Our government is committed to providing Yukoners with opportunities to build and maintain a network of roads and buildings to ensure that we have healthy, thriving communities.

I. Information Technology

Yukon's Information Technology sector is small but has great growth potential. The Yukon has a highly connected population with over 53% of homes having internet connections, with all but two Yukon communities having access to high speed internet.

The IT sector has proven successful in developing products to serve the local market and has the potential to increase exports. The sector needs further broadband access to keep up with demand and to develop outside markets.

There are an estimated twenty-five businesses that provide IT services and support in the Yukon.

In the 2004-2005 Budget our government will be spending over $5.8 million to replace outdated government computer systems, increase compatibility across departments and enhance overall technology efficiency within government.

The investment represents a $2.2 million increase in government information technology spending over the current fiscal year.

Almost all of the new money will flow to local IT businesses and service providers as government purchases new equipment and seeks additional consulting expertise.

It is expected that this new IT spending will create between five and eight new private sector jobs.

$2.8 million of the $5.8 million will be invested to improve and develop new government information systems including:

- the Motor Vehicle and Driver Registration System;
- Financial Management Information System;
- Purchasing Inventory and Fixed Assets Systems; and
- the Human Resource Management System.

By making these IT investments, our government will be developing partnerships with and drawing upon local services and private sector expertise. This in turn will support and help build IT capacity within this important sector of the Yukon economy.

Our government is taking the first steps to providing long-term stable funding for the Yukon IT sector, something for which the industry has been asking.

We are happy to comply.

J. Retail and Wholesale Trade

Increased consumer spending, together with business investment and government spending, has kept the Yukon economy growing.

Greater retail capacity and favourable exchange rates have positioned Whitehorse as a regional supply centre for parts of southeast Alaska, northern British Columbia and the Yukon.

Retail sales have increased in the Yukon for eleven straight years.

The coming of Wal-Mart and the building of the new expanded Superstore are indicative of the underlying strength of the Yukon economy.

While our government welcomes these major private sector investments in Whitehorse, we are at the same time implementing measures to protect, preserve and grow the downtown core through such initiatives as the Whitehorse waterfront development, the trolley service and retaining government office space in downtown Whitehorse.

In addition to these strategic sectors, there are several strategic projects that have the potential to drive economic growth in both the medium and longer term.

There are two inter-related medium term projects that will inject millions of dollars into the Yukon economy.

They are the Whitehorse Waterfront Development and the 2007 Canada Winter Games.

Subject to federal government approval, we are hoping to see the Whitehorse Waterfront receive a $15 million facelift over the next three years under the federal Strategic Infrastructure Fund.

The proposal would see money going to work along the downtown waterfront from Rotary Peace Park to Shipyards Park.

It is estimated the work will take three years with a completion date in 2006, just in time for the 2007 Canada Winter Games.

The Canada Games are the country's premiere multi-sport event for up-and-coming athletes. Every province has had an opportunity to host the games since 1967.

This will be the first time that the Canada Games will be hosted north of the 60th parallel.

The Canada Games are held every two years and alternate between summer and winter.

The 2007 Canada Winter Games will be held over a two-week period with approximately 3,000 high level athletes from every province and territory competing in twenty-one sports.

The Government of Yukon has contributed $4 million to the Host Society: $2 million last October and $2 million in January of this year.

Providing the Host Society with the $4 million three years in advance allows the society to earn valuable interest revenue to support its capital and operations budget.

The 2007 Canada Winter Games Host Society operations budget is approximately $18 million and its capital budget is $6 million.

In January, our government also contributed $8 million in support of the Whitehorse Multiplex Project to the City of Whitehorse bringing our total contribution to the multiplex project to $17 million.

The Government of Canada has agreed to provide $20 million towards infrastructure for the games.

The lowest bid for the multiplex recently came in at $27.9 million, $3.9 million over the City's multiplex sport centre construction budget.

Our government has met with the City of Whitehorse to discuss options about how to address the shortfall and will meet again.

Time is of the essence and the multiplex construction must proceed.

The 2007 Canada Winter Games are expected to generate economic benefits in excess of $70 million through the sale of goods and services and create 400 to 500 person years of employment for Yukon people.

There are two other multimillion dollar economic mega projects that are part of our long-term economic plan and would have a profound impact on Yukon and on Canada.

Despite years of delay, the Alaska Highway Natural Gas Pipeline still remains as one of the most viable means to transport the vast reserves of natural gas in Prudhoe Bay, Alaska to the southern 48 states. This government is getting ready for its eventual construction by engaging industry, labour groups, and First Nations.

The long-term inability to meet the forecasted demand for natural gas in the United States keeps industry and government attention focused on the Alaska Highway Natural Gas Pipeline.

The benefits for Canada are estimated at $13.6 billion for construction costs; 100,000 to 375,000 person years of employment; and a $26 to $31 billion contribution to GDP.

For Yukon, the statistics are equally dramatic: a 30% increase in GDP; and 32,000 – 50,000 person years of employment.

It is important to note that at one time the Alaska Highway and the MacKenzie Valley Pipeline Projects were seen by some as competitors.

This is no longer the case. Both the Alaska Highway Pipeline Project and a stand alone MacKenzie Valley Project will be built because the market needs northern gas.

The outstanding question is which project will be built first? Industry ultimately will provide us with that answer.

Our government recognizes the oil and gas exploration and pipeline development represents a unique opportunity to train northerners for the Alaska Highway Natural Gas Pipeline and the MacKenzie Valley Pipeline. That is why our government is working out reciprocal arrangements with the Government of the Northwest Territories to provide employment opportunities for the citizens of our two territories irrespective of which pipeline is built first.

We intend to forge partnerships with federal, state, territorial and First Nation governments, labour groups and industry to maximize the training and employment opportunities from oil and gas development.

As part of our getting-ready plan, our government helped facilitate the establishment of the Alaska Highway Aboriginal Pipeline Group to act as a coordinating body to address First Nation interests during the planning and development stages of pipeline development and assist with streamlining regulatory processes where possible.

This group is currently comprised of seven First Nations from the Yukon and British Columbia along the Alaska Highway Route. One of the next steps is to enlist all the remaining First Nations along the route to join this group.

As Yukon gets "pipeline ready," our government will be joining with First Nations to urge the Government of Canada to live up to its responsibilities in this regard.

The second long-term mega economic project is the proposed Alaska-Yukon Railway project that would link Alaska through Yukon and British Columbia with railroads in the southern 48.

The Government of the United States is proposing a Joint Commission to study the feasibility of the project and has offered $6 million (U.S.) in funding to undertake feasibility work.

Former Transport Minister, David Collenette, did not formally accept the U.S. offer; however, our hope is the new Transport Minister, Tony Valeri, will be interested.

Prime Minister Paul Martin was supportive of Canada participating in the feasibility study when I met with him and Yukon M.P. Larry Bagnell in Ottawa on January 30, 2004.

The Alaska-Yukon Railway Project has estimated capital costs of between $1.5 billion and $2.3 billion (U.S.).

The construction of such a rail link would be the equivalent of constructing the Alaska Highway and could provide more long-term potential benefits than the Alaska Highway Natural Gas Pipeline.

A rail link would favourably improve the economics of mining, oil and gas, tourism and a host of other sectors.

Our government's focus on strategic industries and strategic projects is already beginning to bear fruit.

The economic turn around that Yukoners so desperately seek is currently in progress and the initiatives provided for in the 2004-2005 Budget will help expedite this turn around.

IV. FORMALIZING A GOVERNMENT TO GOVERNMENT RELATIONSHIP WITH FIRST NATIONS AND BUILDING PARTNERSHIPS

The Yukon will not be able to advance economically and socially unless we proceed together.

In the past, First Nation Yukoners did not experience the same benefits other Yukoners experienced from economic development; however, they more than shared the burdens of such development.

Today, there is a new reality in Yukon that many Yukoners still do not understand.

This new reality has been created by the settlement of Yukon Indian Land Claims.

Currently, there are nine self-governing First Nations, with three more at the ratification stage.

Ultimately, there will be fourteen self-governing First Nations in the territory.

These self-governing First Nations all have powers over their lands and citizens equivalent to those of the Government of Yukon.

In fact, should a self-governing First Nation chose to exercise its jurisdiction in a certain area, the First Nation law would supercede the Yukon government law.

Our government's recognition of this jurisdictional reality has shaped our approach to governance and our relationship with First Nations.

Once land claims are fully settled, there will be fifteen governments at the territorial level in the Yukon with similar jurisdictions. Should these fifteen governments pass laws or implement management regimes that conflict with one another, there could be grid lock. It would be difficult to get anything done or create a positive, "Team Yukon" approach to economic development in the territory.

We believe that by working together Yukoners can achieve more than by working against one another or by working separately and apart.

If there is one word that characterizes our approach to governance in the territory that word is "collaboration."

We have been working on a Memorandum of Understanding on how our government and self governing First Nations and those that have yet to become self-governing will relate to one another on a government to government basis.

Our election commitment was to formalize a government to government relationship and this MOU will meet that obligation.

Our government, however, plans to take the process one step further as outlined in the MOU in that its principles will be enshrined in legislation to create "The Yukon and Yukon First Nations Forum on Governance."

We intend to fulfill that commitment.

The purpose is to create a forum where elected leaders of the Yukon Government and Self-Governing First Nations can discuss and determine common priorities for cooperation, collaboration and opportunities for common action.

It could review progress on the agreed-upon activities to be undertaken between meetings to keep everyone informed.

Nothing in the MOU or legislation, however, should be construed as affecting any agreements or accords already existing between individual First Nations and the Yukon Government. These agreements would remain unchanged.

At the present time there is a growing list of agreements, protocols, accords and initiatives between the Government of Yukon and First Nations:

- an Intergovernmental Relations Accord with the Vuntut Gwitchin government;
- a Memorandum of Understanding with the Kwanlin Dun First Nation for the corrections system including the future replacement of the Whitehorse Correctional Centre;
- the Kaska Bilateral Agreement on management and development of resources in southeast Yukon;
- a protocol on consultation with self-governing First Nations;
- a Kaska Nation and Yukon Forestry Agreement in Principle; and
- an agreement with Champagne and Aishihik First Nations on the beetle kill areas in Kluane.

The recent Business and Northern Partners Roundtable at the Canada Gala held in Anchorage, provided a tremendous opportunity for Yukon First Nation development corporations and the Yukon business community to promote the territory to Alaskans and gain valuable knowledge from Alaskan know how, experience and expertise.

Cooperation and collaboration will be required to collectively manage settlement lands and public lands in order to develop complementary regimes that will attract economic investment to the territory.

The agreement between Teck Cominco and the Kaska on R-15 that could lead to the development of a major mine is an example of that collaboration.

Another example is the establishment of the Alaska Highway Aboriginal Pipeline Group.

In addition to agreements relating to mining, forestry and oil and gas development, there is the social side of the ledger.

Our government is working with First Nations on the Children's Act, correctional reform and the Yukon's education system.

These are just some of the issues, there will be more.

Our formalized relationship on a government to government basis will provide a forum where we can continue to work in collaboration with First Nations.

Mr. Speaker, our collaborative approach to governance extends beyond our jurisdictional boundaries.

Our government signed a Northern Cooperation Accord with our sister territories, Nunavut and the NWT.

By adopting a united approach our collective voice is being heard in Ottawa and in provincial capitols.

At this point I would like to pay a special tribute to the former Premier of the Northwest Territories, Premier Kakfwi, for being such a stalwart champion for the north. It was a pleasure working with him and Premier Okalik of Nunavut. By working together we made a terrific team in Ottawa.

Although all three of us are somewhat gravitationally challenged, we stood tall in Ottawa and made our voices heard and Ottawa listened.

I would like to welcome Premier Kakfwi's successor, Premier Handley, and I want to welcome back Premier Okalik.

I look forward to working with these two gentlemen in the future.

Similarly, Alaska has always been one of Yukon's closest friends and allies.

On December 1, 2003, Governor Murkowski and I signed an Alaska-Yukon Intergovernmental Accord.

The Alaska Highway Natural Gas Pipeline and the Alaska-Yukon Railway Proposal are big ticket items that both the state and territory are advancing with common purpose.

Tourism, transportation, trade and commerce and resource development are all areas of potential Alaska-Yukon cooperation.

Our government also enjoys a productive relationship with Alberta and British Columbia on areas of interest similar to those we have with Alaska.

There is a larger coalition forming comprising Alaska, Alberta, British Columbia, Yukon and the Northwest Territories because all five jurisdictions have common interests and can gain by working in collaboration.

Yukon is also benefiting from British Columbia's Electoral Reform Committee that has been set up to examine the province's electoral system. Yukon's senior advisor to the government on electoral reform has been allowed to monitor the deliberations of the B.C. committee. The knowledge he gains will then be used when the Yukon examines it own electoral reform and his report will be tabled in the Yukon Legislative Assembly.

Our collaborative approach extends to working with the private sector as well.

Under the new economic direction, a Yukon coalition for economic development entitled, the "Partners for Economic Progress" or "PEP" will ensure stakeholders remain engaged with government in economic development.

We are giving "PEP" to the Yukon economy.

Last but certainly not least we are utilizing the collaborative approach internally within our government.

An example is our new post-devolution, integrated approach to resource management that is being undertaken by the Department of Energy, Mines and Resources and the Department of Environment.

Our government is also continuing to work with the federal government and Yukon First Nations on the implementation of the Yukon Environmental and Socio-economic Assessment Act (YESAA), which is scheduled to be fully operational this coming fall.

To prepare for their new responsibilities under the Development Assessment Process, the departments of Environment, Energy, Mines and Resources and the Executive Council Office are working with other departments on an integrated approach to resource management that will allow responsible development to proceed.

The Departments of Justice and Health and Social Services and the Women's Directorate are working together with the RCMP to address family violence in our communities.

On March 18, 2004, the Liard First Nation and the Town of Watson Lake signed a Cooperative Accord on Social and Economic Matters. Through cooperation and collaboration, the Liard First Nation and the town will be better able to meet the needs of their respective citizens and the community at large.

We have stated many times that by working together we will do better.

Our government believes that the success we have achieved today in working with First Nations, other governments at all levels, the private sector, non-governmental organizations, and internally within government more than proves our point.

We know ultimately we will be judged by our actions, not by our words and that results are what is needed.

V. BUILDING HEALTHY COMMUNITIES AND IMPLEMENTING OUR SOCIAL AGENDA

While meeting our economic goals, we are ever mindful of meeting the many community, education, health and social services commitments outlined in our election platform.

Our social agenda is as ambitious, exciting and progressive as our economic agenda.

The two agendas are inter-related and support each other.

It is no secret that there are more health and social problems created by a depressed economy.

At the same time, a prosperous economy will be of little benefit to Yukoners who are not in a position because of education, training or health and social problems to take advantage of those economic opportunities.

The 2004-2005 Budget will go a long way in implementing our social agenda and achieving a better quality of life for all Yukoners.

A. Community Services

A healthy economy helps build healthy communities.

The Department of Community Services has a number of initiatives that will improve recreational infrastructure in several Yukon communities.

$1.3 million is being appropriated to begin construction of a multi-use assembly space in Ross River.

Subject to federal project funding under the Strategic Infrastructure Fund, the community of Mayo will be receiving $1.25 million as our government's one-third contribution towards the building of a community centre.

$140,000 has also been designated for the planning and design of a community centre at Marsh Lake.

Sewage treatment remains a problem in many communities which the Department of Community Services is addressing in this budget by providing:

- $1.1 million for a detailed design and possible start of construction in Carmacks with a further $2 million in 2005 - 2006 being identified; and
- $2 million to connect the Teslin village system to the sewage lagoons.

Clean water is a fundamental service and there are a number of initiatives in this regard:

- $180,000 is being made available to purchase a new water truck for Ross River; and
- $700,000 is being appropriated to establish a Yukon wide well-digging financing program.

Our commitment to reinstate the Community Development Fund and Firesmart to original funding levels stands.

$3.5 million is being provided for CDF and $1.5 million for Firesmart.

Our government is also beginning a two-year process to increase the base for the municipal grant for villages to the same level as Yukon towns.

$360,000 is being provided this year to increase the funding level for villages to allow them to better meet their financial needs.

Currently, Teslin and Carmacks each receive an annual grant of $450,000, while Haines Junction and Mayo receive $500,000. Over the next two fiscal years, those four municipalities will be brought up to the same level as Dawson City, Faro and Watson Lake, who each receive $650,000 annually.

In the 2004-2005 Fiscal-Year, all four communities will receive $565,000 and in 2005-2006, the grants will climb to $650,000.

Dawson City is experiencing very serious financial difficulties. In 1998, Dawson had $2.2 million in reserves, $2 million in cash in the bank, and a debt of $1 million. Since then the town has spent $10.4 million on projects and initiatives with support from Yukon and Canada. These capital projects included a relocated town hall/fire hall, a new swimming pool, a new recreation centre and a secondary sewage treatment plant. Some of these initiatives are not yet complete and may potentially cost several million dollars more.

Dawson City now has a debt of $4.3 million with little money left in reserves.

Our government has appointed a supervisor under section 335 of the Municipal Act to deal with Dawson's precarious financial situation and to control its future expenditures. We will be examining all options as to how this financial situation was created and how the town's financing will be handled in the future.

Funding is also being provided to meet the development needs of Yukon's capital city. The City of Whitehorse will be receiving $3.2 million for Hamilton Boulevard and $3.5 million for land development.

$945,000 is being appropriated for community fire hall replacements and upgrades as well as to improve firefighting equipment in communities such as Mendenhall, Beaver Creek and Golden Horn.

Our government is also going to upgrade the hourly rate for volunteer fire fighters from $10 an hour to $20 an hour in recognition of their tremendous commitment to our communities. $28,000 is being provided to cover the cost of the increase.

A further $12,800 is being made available to pay volunteer firefighters to be on-site during extreme fire warning days at Marsh Lake, Tagish, Carcross and Mount Lorne.

$30,000 will be provided to the Emergency Measures Organization to purchase two new rescue boats and $20,000 in community support for EMO training exercises.

Our government is responsible for meeting the social housing needs of Yukoners, for seniors and for staff.

$300,000 will be provided to construct a new nurses residence in Beaver Creek.

$350,000 is being made available to build a new duplex for Yukon government employees in Ross River and a further $187,000 will be used to upgrade the housing stock of the Yukon Housing Corporation for Yukon government employees. This represents a $62,000 increase over last year's main estimates.

Another $350,000 is being appropriated to upgrade YHC's social housing units to make them more energy efficient. This represents a $50,000 increase over last year's main estimates.

The Yukon Housing Corporation is also providing $370,000 for the construction and renovation of housing intended to meet specific requirements of Yukon seniors.

Our government is contributing a building lot valued at $50,000 as a donation to Habitat for Humanity to help them achieve their goal of providing affordable, quality housing.

Humane societies provide a valuable service to Yukon communities and $95,000 will be made available to support their good work.

B. Youth Directorate

There is a strong focus on youth in the 2004-2005 Budget.

Almost $1 million has been identified in the budgets of three government departments in the new fiscal year to assist programs and initiatives aimed at helping youth within the territory.

Education, Health and Social Services and ECO's Youth Directorate will fund new and continuing initiatives to support children and youth who need extra support or are at risk.

An additional $215,000 is being allocated for the Youth Directorate to provide a $50,000 increase to three Youth Groups – The Whitehorse Youth Centre, Youth of Today Society and Bringing Youth Towards Equality (BYTE).

Each organization will receive $110,000 from this government.

A further $65,000 will be made available to increase the contributions available to communities under the Winter Activities Program and the communities of Tagish, Marsh Lake and Mount Lorne will now be supported through the summer activities program. Both programs are focused on youth leadership and youth employment through relevant community sponsored projects.

The Department of Health and Social Services will provide enhanced support for children in care, including family support, and social worker support, and $421,000 in funding for a new receiving home for youth.

The Education Budget will include $250,000 to open an alternative school in downtown Whitehorse for January 2005.

The school will offer a flexible, supportive environment for school-aged youth who have dropped out of the regular education system to work towards their diploma.

The alternative school will give youth at risk another option to finish high school, help them develop further education and career goals, and ultimately to become successful in the workforce and in their community.

C. Women's Directorate

There are serious social issues facing First Nation women in Canada. They experience three times the rate of spousal violence as non-aboriginal women in Canada and higher rates of poverty.

The situation of First Nation women in Yukon is no exception and may in fact be worse.

The 22nd Annual Federal/Provincial /Territorial Meeting of Ministers Responsible for the Status of Women was held last September in Edmonton and the delegates decided to form a working group to examine issues affecting First Nation women.

Our government subsequently dedicated $100,000 to help address issues facing First Nation women in the territory and to seek their advice to identify priority issues around family violence prevention.

Our government will continue to focus on family violence prevention in 2004-2005 through a multi-departmental approach.

In 2004-2005, $47,000 is being provided to further support women and girl's leadership in addressing inequalities in health and the economy and other areas.

The Third Annual Women Exploring Trades Conference was held last December. 120 grade 8 girls completed projects in a number of different fields including carpentry, electrical, automotive repair and welding.

By giving girls hands-on experience at an early age, these conferences send a very positive message that there is a place for them in the trades.

The conferences were organized by Women in Trades and Technology (WITT), in partnership with the Women's Directorate, Education, and Skills Canada:Yukon.

D. Justice

In January the Crime Prevention and Victim Services Trust Fund awarded $244,000 to support twenty-four projects aimed at crime prevention and victim services in the Yukon.

The Crime Prevention and Victim Services Trust Fund awards money to projects designed to:

- provide services to support victims of offences;
- help reduce the incidence of crime;
- address the root cause of criminal behaviour;
- prevent violence against women and children; and
- publicize information about crime prevention and how people can protect themselves from becoming victims.

I would like to mention some of the projects to highlight their importance and diversity:

- The People First Society received $10,000 to provide relationship and sexual education to adults labelled with intellectual disabilities through their "Keeping Safe" program.
- The Kaska Tribal Council together with the Liard First Nation received $12,500 to host a Family Violence and Education Program in Watson Lake.
- The KIDS Recreation Fund received $8,000 to provide recreational opportunities for children from families experiencing financial hardship.
- The White Ribbon Campaign (Yukon Chapter) received $12,700 to continue to present their "Play on Domestic Violence" that addresses the problem of violence against women.
- The Yukon Council on Aging was assisted by a $10,000 contribution to produce a Senior Friendly Crime Prevention Guidebook providing security and safety information.

These are just a few of the twenty-four worthy projects that are designed to help the very young to the very old.

The next funding deadline for projects is this spring.

The budget for the Victim Services Family Violence Prevention Unit has been increased by $95,000 to fund another victim services worker and to increase educational programming.

The Department of Justice working in partnership with Yukon First Nations will be embarking on correctional reform.

A memorandum was signed in 2003 with the Kwanlin Dun First Nation outlining the Government of Yukon's intent to work with KDFN and other Yukon First Nations to review, design and develop programs for use at the Whitehorse Correctional Centre.

Our government believes that correctional reform in Yukon should be program driven rather than facility driven.

The last thing our government wants to do is to build a new, expensive correctional centre that becomes a warehouse for inmates.

Our government is committed to ensuring that First Nations have more involvement in the design, delivery and evaluation of correctional programming because the majority of inmates in the Whitehorse Correctional Centre are First Nation.

The Minister of Justice has proposed to CYFN and Yukon First Nations' Chiefs that the correctional reform process be modelled on the process that is currently being used to review the Children's Act.

That proposal was well received and work is in progress to establish terms of reference and set up the correctional reform process.

The Department of Justice has received $340,000 in additional money in the policing area. The majority of the funding will be used to support the First Nations Community Constable program.

This program gives First Nations candidates an opportunity to upgrade their academic and life skill qualifications in order to meet the RCMP's entrance requirements before undergoing 5 months of formal training in Regina.

The remainder of this funding will be used to consult with Yukoners about community policing needs.

The Department of Justice will also be receiving approximately $175,000 per year for the next three years for the Access to Justice Agreement. This agreement between Yukon and Canada provides funding for Legal Aid, First Nations Court workers and the Yukon Public Legal Education Association.

Some of this money available in 2004-2005 will be used to assist low income families with civil and legal issues, such as an appeal to the Social Assistance Appeal Board. Funding will also be allocated to the First Nation Courtworker program.

E. Public Service Commission

The Public Service Commission is upgrading the Workplace Harassment Prevention Office through additional staffing in order to have more opportunity to pursue early intervention strategies to resolve workplace conflict through mediation or alternative dispute resolution rather than going to full investigation.

The office will also provide more training for employees on what is expected of them in the workplace.

$116,000 is being sought to implement this upgrading in the 2004-2005 Budget.

Another exciting initiative being undertaken by our government is the start up of the Workplace Diversity Employment Office.

This office addresses two of our government's priorities – specifically, to fully honour our long-standing and on-going commitment to land claim obligations as well as to meet our responsibility to encourage the employment of persons with disabilities.

To meet these goals the Workplace Diversity Employment Office will include the existing position of the Representative Public Service Consultant and the new position of Disability Employment Consultant and an administrative support person.

Further, the position of Representative Public Service Consultant, who manages the First Nation Training Corps Program, is being changed from "term" to "permanent."

$291,000 in new funding is being requested to make these improvements.

F. Education

I have already announced the alternative school in downtown Whitehorse as one of the initiatives the Department of Education is implementing in 2004-2005 for school-aged students to finish school and to achieve their career goals.

There are two other alternate path initiatives.

Our government will pay tuition for high school students to take courses or programs at Yukon College. This program will be of particular benefit to students in rural communities who will have more course options to complete their high school diploma, be able to participate in college trades programs and will be better prepared for entrance into post-secondary studies.

The Department of Education will also be creating a promotional campaign to provide more information on trades and technology career options to students and parents. Our government believes we need to place as much emphasis on the importance of trades and technology as we do on academic university degrees.

Trades and technology jobs are rewarding, well-paid careers that are in high demand across North America.

These latter two initiatives will cost $85,000 in 2004-2005.

Further, $500,000 of the $1.5 million in the Community Training Funds will be directed towards pre-employment and trades training.

Our government is seeking legislative approval for a $1 million increase in funding in the base grant of Yukon College, a grant that hasn't been increased for a decade despite rising costs.

In 2004-05, funding for the college will total $14.4 million including the Bachelor of Social Works and Yukon Native Teacher Education Program. Seat purchases in college programs will account for an additional $580,000.

This increase in funding clearly demonstrates that our government is committed to education, training and lifelong learning for all Yukoners.

The Yukon Native Teacher Education Program (YNTEP) will be opened up to offer six seats to non-native applicants in September 2004.

Our government wishes to reassure First Nations that the integrity of YNTEP will be maintained. First Nation applicants will continue to have priority and all First Nations cultural content will be maintained in the curriculum.

Opening up the program will not cost more money. Through a contract with the University of Regina, the government pays for fifteen program spaces each year. Most years fewer than ten are filled.

Since YNTEP began in 1989, the number of First Nation teachers and instructional staff in Yukon schools has grown to 12% of the workforce.

YNTEP provides us with an opportunity to train more teachers with knowledge of First Nation history, culture and languages which will help First Nation students do better in school and will benefit all our students through increased cultural awareness in the classroom.

$500,000 is being provided in 2004-2005 to hire six new native language instructor trainees in order to increase support for native languages in the classroom.

The Native Language Instructor Trainee Program is being offered through the Yukon Native Language Centre operated at Yukon College by CYFN. Since its inception there have been seventy-one graduates of the Certificate Program; however, the last new trainees were hired in 1999. Since our recent announcement , over thirty applications have been received which confirms the high degree of interest in this program.

Currently 19 out of 28 Yukon schools, including all community schools, offer native language instruction, employing about thirty full-time equivalent instructors. The Department of Education also provides annual funding for CYFN to operate the Yukon Native Language Centre.

Our government, in keeping with its election commitment, increased the Student Grant Programs in 2003-2004 to keep pace with the cost of living.

The Yukon Grant assists students attending an eligible post-secondary institution. The average grant is $3,000 for tuition fees and books. Students attending schools outside the Yukon may also receive a travel subsidy based on the cost of travel to Vancouver or Edmonton.

The Yukon Training Allowance provides a training subsidy for students taking full-time programs within the Yukon. It may also cover the cost of travel between communities if required to attend a program.

Both the Yukon Grant and Yukon Training Allowance were indexed against inflation.

In keeping with our election commitment, the Yukon Excellence Awards are being increased. The Yukon Excellence Awards are provided for high achievement. The new graduation requirements in B.C. will require an expansion of these awards into three new assessment areas: mathematics, science and language arts at the grade 10 level. The $40,000 in additional funding will provide the awards to grade 10 students in these subject areas.

In 2004-2005, our government is creating more jobs for summer students with the addition of thirty new positions to the Student Training and Employment Program (STEP).

STEP jobs are opportunities for Yukon post-secondary students to gain valuable career experience.

Split between government and private sector employers, all positions must last for at least twelve weeks and provide experience in a field of post-secondary study.

The Department of Education provides a wage subsidy of $5.75 per hour.

Government STEP positions pay $11.50 per hour, while private sector employers must pay a minimum of $11.50 but may chose to pay a higher wage.

$177,000 is being provided to add the new positions.

Adult literacy is also important to our government.

$100,000 will be added to the base funding for literacy in 2004-2005.

The Home Tutor Program was piloted on a cost-shared basis at Old Crow and has been well received. Other communities have expressed interest in a similar program. $375,000 is being provided to support tutors for rural schools.

At the end of February, the Department of Education completed its community education needs assessment.

Over the course of four months, the Minister of Education heard from school councils and First Nations across the Yukon about immediate and short-term needs for their schools.

Based on community priorities, a total of $1 million in funding in 2003 - 2004 was approved reaching every school in the Yukon.

Approved items included classroom materials, sport and outdoor equipment, shop equipment, computers and technology equipment, and funds or supplies to support First Nation cultural activities.

Some key longer term priorities identified through the process included First Nation languages and cultural content, youth at risk, the importance of Yukon College and strong links between schools and the college.

Many of 2004-2005 Budget initiatives in education are based upon what our government heard during these consultations.

In the 2004-2005 Capital Budget, there are a number of capital projects to replace, improve and upgrade our many schools.

$700,000 is being provided to design the new Tantulus School replacement in Carmacks.

$500,000 is being appropriated for the design of the Porter Creek Secondary School cafeteria expansion and renovations with $2.8 million over two years being allocated for construction.

These education initiatives that I have just outlined show the high priority and importance our government places on education.

Our children are our future and we must equip them with all the skills we can to help them make their way in the work world and to contribute to society and to create healthy communities.

G. Environment

In December of 2003, our government announced a plan to save the Yukon Game Farm and Wildlife Preserve. The Nowlans who established the facility in 1965 were planning to retire and had been attempting to sell their farm for the last two years. They were unsuccessful and the only course of action open to them appeared to be to sell off the animals and subdivide the land for sale as they had closed down their business.

A dedicated group of Yukoners known as Friends of the Yukon Wildlife Preserve were attempting to acquire the preserve but were not able to arrange the necessary financing and at that time the Yukon Government was in no position to help.

Subsequently, due to our sound fiscal management, our financial picture improved and our government acted quickly to acquire the preserve to prevent its destruction.

The potential for the preserve to become a world-class wildlife conservation centre, a wildlife research and rehabilitation facility, a specialized education centre, a national showcase for northern wildlife and a tourist destination is undeniable.

Accordingly, thanks to some very hard working, dedicated officials in the Department of Environment, and Peter Karsten, consultant from the Calgary Zoo, our government managed to purchase the Wildlife Preserve for $2.06 million.

In January of 2003, the Yukon Fish and Wildlife Management Board recommended that the Yukon Game Farm and Wildlife Preserve be maintained as a publicly owned facility supported by the Yukon Government and be run by a non-profit organization.

Our government is most happy to comply.

It may take some months to enable a non-profit organization to become established. In the interim the Department of Environment will be seeking $582,000 in 2004-2005 to run the Yukon Wildlife Preserve until an operational transfer can take place.

The Department of Environment is also acting to save the Chisana Caribou Herd. Left unattended, experts agree the herd would be extinct in seven to ten years. This genetically distinct herd declined from 1,800 caribou to 300 and has annually produced very few calves over the last fourteen years.

In March 2003, an experimental pilot project was undertaken to test the feasibility of rearing caribou calves in a protective enclosure. Twenty cows were enclosed. Seventeen cows were pregnant and gave birth.

The cows and calves were released on June 13th when the calves were three weeks old. As of June 24th, all the calves were alive as compared with only five of sixteen free-ranging calves.

In view of this success, the proposal is to expand the pilot project to forty pregnant cows.

$246,000 is the projected total cost in 2004-2005 with the Department of Environment contributing $146,000, the Canadian Wildlife Service $60,000 and the White River First Nation $40,000.

Our government is providing $100,000 in 2004-2005 for the design phase of the Tombstone Interpretive Centre to be built at km 71 on the Dempster Highway.

The project will be phased over three years. $580,000 will be provided in 2005-2006 for centre construction and $200,000 will be provided in 2006-2007 for staff accommodation.

The Tombstone Interpretive Centre will be one of the premiere park and tourism facilities in the Yukon.

$10,000 is being provided to improve and upgrade another major tourist attraction, the Whitehorse Fish Ladder Viewing Facility. Over 30,000 residents and tourists visit the fishway annually.

The Yukon Fish and Game Association hire the summer student staff that comprises a manager and six or seven students each summer.

The Department of Environment will be spending $30,000 in 2004-2005 for electronic waste management or e-waste. E-waste includes desktop and portable personal computers, printers, photocopiers, television sets, music equipment and similar items with electronic components.

Other partners in the Yukon e-waste initiative include Highways and Public Works, and Raven Recycling.

Another innovative project Environment is taking on is a Hunter Education-Meat Cutting Instructional Video for a projected cost of $15,000.

Every year it is estimated that many kilograms of improperly cut and handled big game meat is needlessly discarded. The video will be designed to correct these poor practices.

Another small but innovative project is the development of a Yukon Environment board game.

Yukon teachers are always looking for engaging ways of teaching their students about the Yukon environment.

This project includes the research, development, testing and printing of a simple board game suitable for ages ten and up. In 2004-2005, $5,000 will be used for the initial development research and writing to be followed in 2005-2006 by design, layout and printing.

The Department of Environment and the Department of Energy, Mines and Resources are taking an integrated approach to resource management in the territory in order to mitigate impacts from development that will allow responsible development to proceed.

This departmental collaboration gives the Yukon a competitive advantage.

H. Health and Social Services

The Department of Health and Social Services has enhanced funding for a number of health priorities which were identified in 2003-2004 following the Health Accord negotiated by premiers and the supplemental Northern Accord.

Highlights for the 2004-2005 Budget include:

- $3.1 million increase for hospital O&M which includes $60,000 for a new cardiac stress testing program;
- $1.9 million increased funding to support drug programs;
- $320,000 for implementation of the FASD action plan; and
- continued support for families with autistic children, the Child Development Centre and the internal medicine specialist.

In keeping with the federal/provincial/territorial agreement to reform Health Care in Canada, Health and Social Services will be spending $1.9 million O&M and $375,000 capital in 2004-2005 on primary health care to continue with reforms to our health care system aimed at increasing the sustainability, affordability and efficiency of our health programs and services.

Our government is using its approximately $1.8 million share of the $2 billion federal funding commitment to support the opening of an additional seven beds in Macaulay Lodge and twelve new beds in Copper Ridge Place.

Rural continuing care is a priority for our government. Health and Social Services is taking a serious look at ways to respond to the continuing care needs in rural communities.

$100,000 in capital is budgeted for feasibility studies for facilities in both Haines Junction and Teslin.

In keeping with our government's election commitments, planning work for multi-level care facilities in Dawson City and Watson Lake will continue with an additional $600,000 planned for each facility as we proceed with the design stage in 2004-2005.

$10.6 million is planned in 2005-2006 for the construction of the two multi-level care facilities, one in Dawson City and the other in Watson Lake.

Our government will also be increasing honouraríums paid to rural ambulance supervisors and attendants and enhancing their training opportunities.

$200,000 has been set aside for this in recognition of the critical role these volunteers play in rural communities.

Two new four wheel drive ambulances will be purchased, one for Ross River and the other for Whitehorse.

Our government is following through on its commitment to safe drinking water with the implementation in 2004-2005 of new public drinking water and bulk water regulations.

Health and Social Services will work collaboratively with the owners and operators of independent water systems that the public has access to including highway restaurants, motels, lodges, rural schools and care facilities toward the eventual development of regulations.

In addition to all these initiatives, the Minister of Health and Social Services has undertaken an ambitious legislative agenda.

In December 2003, the Supported and Substitute Decision Making legislation and the Health Professions Act were passed and a major review of the Children's Act commenced.

The 2004-2005 Budget includes $127,800 for costs associated with the implementation of the decision making legislation as well as $660,000 for this years costs associated with the Children's Act Review.

The Department of Health and Social Services is continuing to meet its commitment to Day Care providers. The need to increase wages of childcare workers has been recognized, and there will be $675,000 in enhanced funding provided in 2004-2005.

Pregnant women who come to Whitehorse to await the birth of their children will now have a place to stay, courtesy of the Victoria Faulkner Women's Centre, two local service clubs and the Yukon Government.

The program provides a fully furnished suite, with two bedrooms, living room, bathroom and kitchen. It will be run by a part-time manager who will book the space, provide support, cleaning and be available by pager twenty-four hours a day.

Health and Social Services has provided $21,300 in one-time capital costs to renovate the two bedroom suite at 503 Hanson Street, as well as $28,800 in O&M funding each year for the next three years commencing April 1st. The Lake Laberge Lions and Whitehorse Rotary Club have furnished the rooms with furniture and linens for a contribution of $5,000.

I have saved one of the best announcements until last. I am pleased to announce that beginning July 1, 2004, Yukon families eligible for the Yukon Child Benefit will receive $37.50 per month per child. The current rate is $25 per month per child. The annual benefit will be a maximum of $450 per child per year.

Families earning up to $25,000 per annum will receive the full tax benefit. This is up from the current threshold of $16,700.

More families with family earnings greater than $25,000 will now be eligible for a portion of the Yukon Child Benefit.

Payments will be made automatically based on the previous year's tax return.

This increase will benefit single parents as well and low income families on social assistance will not have benefits reduced as a result of the increase to the Yukon Child Benefit.

This increase in the Yukon Child Benefit will assist those most in need – families with children.

Yukon provides one of the finest health care systems in Canada.

IN CONCLUSION

We are proud of this budget and the good work it will do.

We wish to thank all the departmental officials who worked so hard to prepare this budget.

We also want to thank all those Yukoners who took the time and effort to attend the community consultation meetings that were held in every community in the territory to tell us what was important to them.

We want to thank all the First Nation governments for meeting with us and discussing their priorities.

The 2004-2005 Budget is a grass roots budget. It is very broad based.

It is a budget that implements many of our election commitments. Those that remain are on our "To Do" list and will be addressed in future budgets.

Mr. Speaker, the 2004-2005 Budget is going to help determine the future economic course of the territory for the next three years and will allow our government to implement its progressive social agenda.

I commend it to all Members of the House for their consideration.

Mr. Speaker, our government remains confident that by working together we can build a better future for all Yukoners.

BUDGET HIGHLIGHTS

Overview

- $162.6 M Capital Budget, the largest ever.
- Focus on economic renewal and progressive social agenda.
- Full economic partnerships with First Nations.
- No tax increases.

Community Services

- Increased Municipal Grant for Haines Junction, Teslin, Mayo and Carmacks.
- $1.3 M for new community hall in Ross River.
- $1.25 M contribution to new community hall in Mayo.
- $2 M for sewage treatment in Teslin.
- $1.1 M for sewage treatment in Carmacks.
- $3.2 M for Hamilton Boulevard.
- $370 K for seniors housing.
- $10 per hour wage increase for volunteer firefighters.
- $95 K for humane societies.
- $700 K for a domestic well-digging program.
- $1.5 M for Firesmart.

Economic Development

- New economic direction developed in collaboration with stakeholders.
- $3.2 M for new programs.
- $2.1 M for technology, film, business incentive, micro-loan, trade and market development.
- $3.5 M for CDF.

Education

- $700 K for planning school in Carmacks.
- $500 K for improvements to Porter Creek Secondary School.
- $1 M increase to base grant of Yukon College for a total of $14.5 M.
- $500 K for six new Native Language Instructors.
- $335 K for alternate path school.
- $177 K for Student Employment Program.
- $1.5 M for Community Training Fund with $500 K for trades training.
- Increase in Yukon Excellence Awards.

Energy, Mines & Resources

- $500 K for Yukon Mineral Exploration Training Program.
- Facilitated Kaska –Teck Cominco agreement on potential R-15 mine site in southeast Yukon.
- Forestry agreement with Champagne and Aishihik First Nations on beetle kill in Kluane.
- Facilitated formation of Aboriginal Pipeline Group.
- Forestry agreement with Kaska in southeast Yukon.

Environment

- $582 K for interim operation of Yukon Wildlife Preserve.
- $146 K for Chisana Caribou Recovery Project.
- 3 year project to construct Tombstone Interpretive Centre.
- $15 K for electronic waste management.

Executive Council Office

- MOU on formalized government to government relationship with First Nations.
- Collaborative agreements with NWT, Nunavut, Alaska, and B.C.
- $215 K additional support for youth groups.

Finance

- Development of Business Case to justify changes to Territorial Funding Formula.
- Reduction of Small Business Tax Rate and increase in Small Business Tax Deduction Limit.
- 3 year extension of Yukon Mineral Tax Credit.
- Increase in Yukon Child Benefit.

Health and Social Services

- $3.1 M increase for hospital O&M.
- $320 K for FASD Action Plan.
- $1.8 M to open seven more beds in Macaulay Lodge and twelve new beds in Copper Ridge Place.
- $1.9 M for primary health care.
- $675 K for enhanced day care funding.
- $200 K for increase in honorariums for volunteer ambulance attendants.
- 2 new ambulances, one for Ross River and one for Whitehorse.
- $600 K for multi-level care facilities in Watson Lake and Dawson City.
- $100 K for feasibility for multi-level care facilities in Haines Junction and Teslin.

Highway and Public Works

- $17 M for Shakwak Highway projects.
- $2.8 M for Klondike Highway upgrading near Dawson City.
- $4.8 M for Campbell Highway upgrading.
- $1.5 M for Tagish Road upgrading.
- $2.95 M for Teslin Bridge upgrading.
- $1.5 M for planning Yukon River Bridge at Dawson City.
- $1.4 M for Whitehorse Airport Security upgrade.
- $2.96 M for Old Crow Airport upgrade.
- $415 K for new Old Crow Airport Terminal.
- $425 K for Whitehorse Waterfront Trolley expansion.
- $5.8 M for Information Technology upgrade.

Justice

- Consultation and collaboration with First Nations and other Yukoners on Yukon's correctional system including the replacement of the Whitehorse Correctional Centre.
- $340 K primarily to support First Nations Community Constable Program.
- $ 95 K increase to Victims Services Family Violence Prevention Unit.
- $175 K per year for three years for Access to Justice Agreement.

Public Service Commission

- $116 K for Workplace Harassment Prevention Office.
- $291 K for Workplace Diversity Employment Officer for implementing land claims and employment of persons with disabilities.

Tourism and Culture

- $500 K for Tourism Co-operative Marketing Fund.
- $300 K for Carcross Tagish Cultural Centre.
- $220 K for Yukon First Nation Cultural Centres in Pelly Crossing, Dawson City, Teslin and Carmacks.
- $414 K for Visitor Exit Survey.
- $200 K for Decade of Sport and Culture.
- $50 K for Ice Patch Research.
- $74 K for First Nation Heritage Officer.
- $200 K for Gateways Cities program.

Women's Directorate

- Focused on Family Violence Prevention.
- Support of Annual Women Exploring Trades Conference.
- Support women and girls leadership.

GOVERNMENT OF YUKON
PROJECTIONS ($000'S)

	2003-04 Projected Actual	2004-05 Projected Actual	2005-06 Projected Actual	2006-07 Projected Actual	2007-08 Projected Actual
REVENUE:					
Territorial Revenue	$ 79,090	$ 78,188	$ 77,157	$ 76,832	$ 77,467
Transfers from Canada	468,222	468,780	489,040	499,793	521,880
Net Loan Interest	293	216	216	216	216
TOTAL REVENUE	$ 547,605	$ 547,184	$ 566,413	$ 576,841	$ 599,563
LESS NET EXPENDITURES:					
Net Operation and Maintenance Expenditures	$ 474,474	$ 490,070	$ 501,059	$ 510,466	$ 520,466
Net Capital Expenditures	90,629	105,425	75,000	75,000	75,000
TOTAL NET EXPENDITURES	$ 565,103	$ 595,495	$ 576,059	$ 585,466	$ 595,466
SURPLUS (DEFICIT) FOR THE YEAR	$ (17,498)	$ (48,311)	$ (9,646)	$ (8,625)	$ 4,097
NET FINANCIAL RESOURCES					
Net Financial Resources, Beginning of the Year	$ 70,683	$ 59,185	$ 17,834	$ 8,912	$ 4,411
Less: Surplus (Deficit) for the Year	(17,498)	(48,311)	(9,646)	(8,625)	4,097
Plus: Net Adjustments (e.g. lapses and revotes)	6,000	6,960	724	4,124	4,075
Net Financial Resources, End of the Year	$ 59,185	$ 17,834	$ 8,912	$ 4,411	$ 12,583
NON-FINANCIAL ASSETS					
Net Opening Balance, Beginning of the Year	$ 332,725	$ 337,294	$ 354,126	$ 357,795	$ 361,280
Plus: Acquisitions	22,451	33,701	22,500	22,500	22,500
Less: Amortization, Disposals and Amortization of Deferred Capital Contributions	(17,882)	(16,869)	(18,831)	(19,015)	(19,189)
Non-Financial Assets, End of the Year	$ 337,294	$ 354,126	$ 357,795	$ 361,280	$ 364,591
ACCUMULATED SURPLUS	$ 396,479	$ 371,960	$ 366,707	$ 365,691	$ 377,174

Sources:

- Territorial Revenue - YG Forecast
- Canada Health and Social Transfes - Government of Canada Forecast
- Grant from Canada:
  - Population - Yukon based on YG Forecast - Canadian growth based on historical growth rate
  - Formula Escalators - historical: Statistics Canada (November 2003)
  - Formula Escalators - forecast: 2003-04 to 2007-08 - Conference Board of Canada (Medium-term Forecast - December 2003)

FINANCIAL INFORMATION

2004-05

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FINANCIAL SUMMARY [1]
($000'S)

	2004-05 ESTIMATE	2003-04 FORECAST	% CHANGE	2002-03 ACTUAL
Revenue:				
Territorial Revenue	**78,188**	79,090	-1%	72,273
Recoveries, net of deferred capital contributions	**85,444**	72,466	18%	57,890
Transfers from Canada	**468,780**	468,222	0%	401,710
Amortization of Deferred Capital Contributions	**15,170**	14,410	5%	13,926
Total Revenue	**647,582**	634,188	2%	545,799
Less Expenses:				
Operation and Maintenance Expenditures	**543,104**	523,115	4%	461,676
Capital Expenditures, net of tangible capital assets	**103,558**	91,346	13%	64,344
Loan Interest	**360**	364	-1%	358
Amortization Expense	**32,039**	31,021	3%	29,331
Total Expenses	**679,061**	645,846	5%	555,709
Adjustments:				
Plus: Recoveries of Prior Years' Expenditures	**0**	0		772
Plus: Items transferred to Balance Sheet	**0**	0		77
Plus: Increase in restricted funds	**0**	0		317
Less: TCA Write downs and disposals	**0**	(1,271)		(755)
Surplus (Deficit) for the Year	**(31,479)**	(12,929)		(9,499)
Net Financial Resources				
Net financial resources, beginning of the year	**59,185**	70,683		78,514
Surplus (Deficit) for the year	**(31,479)**	(12,929)		(9,499)
Effect of change in tangible capital assets	**(16,832)**	(4,569)		1,207
Effect of change in other non-financial assets	**0**	0		461
Lapses net of revotes and revenue changes	**6,960**	6,000		0
Net financial resources, end of the year	**17,834**	59,185		70,683
Non-financial assets [2]				
Net opening balance, beginning of the year	**337,294**	332,725		334,393
Effect of change in tangible capital assets	**16,832**	4,569		(1,207)
Effect of change in other non-financial assets	**0**	0		(461)
Net non-financial resources, end of the year	**354,126**	337,294		332,725
ACCUMULATED SURPLUS	**371,960**	396,479		403,408

(1) Restated 2003-04 Forecast and 2002-03 Actual to be consistent with the 2004-05 Estimate presentation.

(2) Excludes non-financial assets of Fleet Vehicle Agency, Queen's Printer Agency, Property Management Agency, and Road and Airport Equipment Reserve Fund.

FINANCIAL SUMMARY (Cont'd)
($000'S)

	2004-05 ESTIMATE	2003-04 FORECAST	% CHANGE	2002-03 ACTUAL
NET EXPENDITURES:				
OPERATION AND MAINTENANCE:				
Gross Expenditures	**543,104**	523,115	4%	461,676
Less: Recoveries	**53,034**	48,841	9%	40,117
NET O & M EXPENDITURES	**490,070**	474,274	3%	421,559
CAPITAL:				
Gross Expenditures	**162,654**	138,144	18%	107,715
Less: Recoveries	**57,229**	47,315	21%	45,424
NET CAPITAL EXPENDITURES	**105,425**	90,829	16%	62,291
LOAN INTEREST:				
Gross Expenditures	**360**	364	-1%	358
Less: Recoveries	**576**	657	-12%	767
NET LOAN INTEREST	**(216)**	(293)	-26%	(409)
LOAN PRINCIPAL:				
Gross Expenditures	**0**	51	-100%	73
Less: Recoveries	**845**	1,070	-21%	1,574
NET LOAN PRINCIPAL	**(845)**	(1,019)	-17%	(1,501)
LOAN CAPITAL:				
Gross Expenditures	**5,000**	5,000	0%	0
Less: Recoveries	**5,000**	5,000	0%	0
NET LOAN CAPITAL	**0**	0	0%	0

BUDGETARY INCOME SUMMARY BY SOURCE

SOURCE	2004-05 ESTIMATE		2003-04 FORECAST		2002-03 ACTUAL	
TERRITORIAL REVENUE	**$000's**	**%**	**$000's**	**%**	**$000's**	**%**
TAX REVENUE						
Personal Income Tax	**34,382**	**5.2**	34,969	5.4	32,144	5.7
Corporate Income Tax	**5,501**	**0.8**	6,100	0.9	4,104	0.7
Property Tax	**2,190**	**0.3**	2,290	0.4	1,940	0.3
Grant-in-Lieu of Property Tax	**200**	**0.0**	200	0.0	203	0.0
Fuel Oil Tax - Diesel	**2,701**	**0.4**	2,663	0.4	2,727	0.5
Fuel Oil Tax - Other	**4,134**	**0.6**	4,047	0.6	4,200	0.7
Insurance Premium Tax	**1,451**	**0.2**	1,308	0.2	1,185	0.2
Tobacco Tax	**6,199**	**0.9**	6,325	1.0	5,970	1.1
Liquor Tax	**2,280**	**0.3**	2,280	0.4	2,418	0.4
TOTAL TAX REVENUE	**59,038**	**9.0**	60,182	9.3	54,891	9.8
OTHER REVENUE						
Liquor Profit	**4,749**	**0.7**	4,713	0.7	4,391	0.8
Investment Income and Other Interest	**441**	**0.1**	950	0.1	639	0.1
Licences, Fees, Registrations and Permits:						
Motor Vehicle	**3,028**	**0.5**	3,027	0.5	3,296	0.6
Game and Campground	**884**	**0.1**	884	0.1	917	0.2
Business and Professional	**1,800**	**0.3**	2,255	0.4	1,845	0.3
Other	**1,126**	**0.2**	729	0.1	749	0.1
Resource Revenues	**5,928**	**0.9**	5,126	0.8	4,069	0.7
Fines	**408**	**0.1**	408	0.1	436	0.1
Gain on Sale of Lots	**0**	**0.0**	0	0.0	138	0.0
Aviation Operations	**728**	**0.1**	753	0.1	728	0.1
Miscellaneous	**58**	**0.0**	63	0.0	174	0.0
TOTAL OTHER REVENUE	**19,150**	**2.9**	18,908	2.9	17,382	3.1
Subtotal Territorial Revenue	**78,188**	**11.9**	79,090	12.3	72,273	12.9
TRANSFERS FROM CANADA						
Canada Health and Social Transfers	**26,277**	**4.0**	24,140	3.7	19,889	3.5
Health Reform Transfer	**1,497**	**0.2**	979	0.2	0	0.0
Northern Health Accord	**6,667**	**1.0**	6,667	1.0	0	0.0
Grant from Canada	**434,339**	**66.0**	436,436	67.8	381,821	68.1
Subtotal Transfers from Canada	**468,780**	**71.3**	468,222	72.7	401,710	71.7

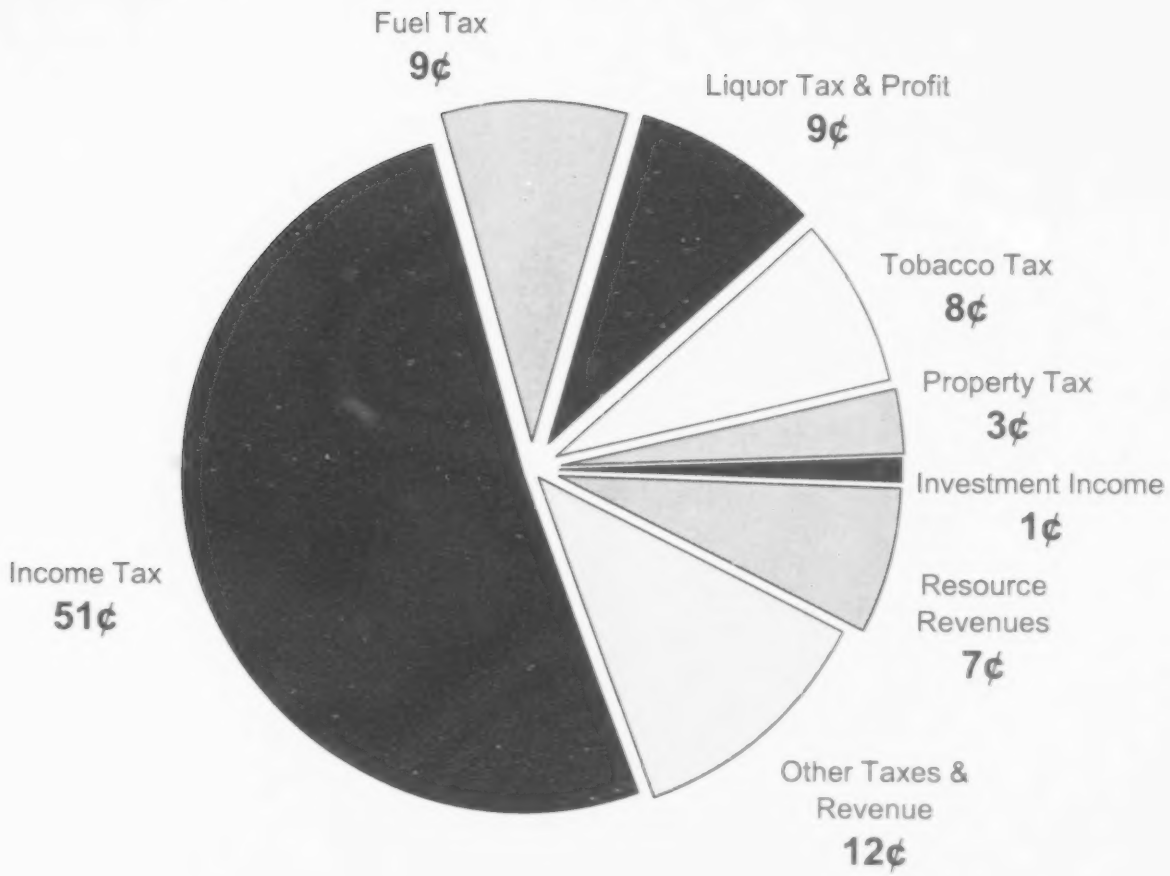
BUDGETARY INCOME SUMMARY BY SOURCE (Cont'd)

SOURCE	2004-05 ESTIMATE		2003-04 FORECAST		2002-03 ACTUAL	
RECOVERIES	**$000's**	**%**	**$000's**	**%**	**$000's**	**%**
Government of Canada						
Alaska Highway	**17,000**	**2.6**	20,033	3.1	25,077	4.5
Canadian Strategic Infrastructure Fund	**6,635**	**1.0**	0	0.0	0	0.0
Municipal Rural Infrastructure Fund	**3,334**	**0.5**	0	0.0	0	0.0
Yukon Housing Corporation	**4,686**	**0.7**	4,769	0.7	4,749	0.8
Child Welfare	**6,376**	**1.0**	7,275	1.1	7,235	1.3
Aboriginal Language Services	**1,100**	**0.2**	1,100	0.2	1,100	0.2
French Language Services	**1,350**	**0.2**	1,522	0.2	1,426	0.3
French Language Programs	**1,175**	**0.2**	1,275	0.2	1,167	0.2
Land Claims Implementation	**4,790**	**0.7**	3,086	0.5	1,820	0.3
Type II Mine Sites	**7,805**	**1.2**	4,284	0.7	0	0.0
Devolution - Transitional Funding	**0**	**0.0**	563	0.1	1,522	0.3
Geological Surveys	**0**	**0.0**	179	0.0	871	0.2
Forestry	**1,077**	**0.2**	1,596	0.2	0	0.0
Young Offenders	**1,358**	**0.2**	1,292	0.2	1,535	0.3
Airports	**3,185**	**0.5**	2,336	0.4	1,375	0.2
Inuvialuit Final Agreement	**803**	**0.1**	803	0.1	809	0.1
Legal Aid	**994**	**0.2**	874	0.1	597	0.1
Other	**12,404**	**1.9**	11,286	1.8	9,904	1.8
	74,072	**11.3**	62,273	9.7	59,187	10.6
Other Recoveries						
Yukon Housing Corporation	**16,572**	**2.5**	19,334	3.0	14,834	2.6
Land Development	**11,035**	**1.7**	6,134	1.0	3,184	0.6
Reciprocal Billing	**1,430**	**0.2**	1,290	0.2	1,243	0.2
Loan Interest Recovery	**576**	**0.1**	657	0.1	767	0.1
Other	**7,154**	**1.1**	7,125	1.1	7,093	1.3
	36,767	**5.6**	34,540	5.4	27,121	4.8
Subtotal Recoveries	**110,839**	**16.8**	96,813	15.0	86,308	15.4
TOTAL BUDGETARY INCOME (Total Territorial Revenue, Transfers from Canada and Recoveries)	**657,807**	**100.0**	644,125	100.0	560,291	100.0

GOVERNMENT OF YUKON

TERRITORIAL REVENUE BY SOURCE

2004-05



NOTE: Represents the portion by source of each dollar of locally raised revenue.

OPERATION AND MAINTENANCE AND CAPITAL RECOVERIES
SUMMARY BY DEPARTMENT / CORPORATION
($000'S)

DEPARTMENT / CORPORATION	O & M RECOVERIES 2004-05 ESTIMATE	O & M RECOVERIES 2003-04 FORECAST	CAPITAL RECOVERIES 2004-05 ESTIMATE	CAPITAL RECOVERIES 2003-04 FORECAST
Yukon Legislative Assembly	**0**	0	**0**	0
Elections Office	**0**	0	**0**	0
Office of the Ombudsman	**0**	0	**0**	0
Executive Council Office	**5,890**	4,317	**0**	432
Community Services	**1,066**	1,049	**16,544**	7,269
Economic Development	**100**	92	**0**	0
Education	**2,518**	2,708	**40**	50
Energy, Mines and Resources	**8,433**	5,768	**1,416**	1,512
Environment	**1,057**	1,041	**0**	18
Finance	**16**	16	**250**	250
Health and Social Services	**17,269**	16,824	**848**	1,068
Highways and Public Works	**3,558**	3,714	**26,858**	22,904
Justice	**2,339**	2,134	**0**	25
Public Service Commission	**45**	45	**0**	0
Tourism and Culture	**420**	450	**338**	367
Women's Directorate	**0**	0	**0**	0
Yukon Housing Corporation	**10,323**	10,683	**10,935**	13,420
Total Recoveries	**53,034**	48,841	**57,229**	47,315

Note:
Restated 2003-04 Forecast to be consistent with the 2004-05 Estimate presentation.

MAJOR TERRITORIAL AND PROVINCIAL TAX RATES
March 2004 [H]

	PERSONAL INCOME TAX			CORPORATE INCOME TAX			COMMODITY TAXES			
	BASIC RATE %	TAX BRACKETS (TAX ON INCOME)	HIGH INCOME SURCHARGE % [A]	GENERAL RATE %	SMALL BUSINESS %	MANUFACTURING & PROCESSING %	RETAIL SALES %	TOBACCO ¢/25 cigs	UNLEADED GAS ¢/litre	DIESEL FUEL ¢/litre
Newfoundland	10.57	≤ $29,590	9.0	14.00	5.00	5.00	8.0 [C]	375.00	16.5	16.5
	16.16	$29,591 - 59,180								
	18.02	> $59,180								
Prince Edward Island	9.80	≤ $30,754	10.0	16.00	7.50	7.50	10.0	286.25	14.0	13.5
	13.80	$30,755 - 61,509								
	16.70	> $61,509								
New Brunswick	9.68	≤ $32,183 [D]	--	13.00	3.00	13.00	8.0 [C]	293.75	14.5	16.9
	14.82	$32,184 - 64,368								
	16.52	$64,369 - 104,648								
	17.84	>$104,648								
Nova Scotia	8.79	≤ $29,590	10.0	16.00	5.00	16.00	8.0 [C]	388.00	15.5	15.4
	13.58	$29,591 - 59,180								
	15.17	> $59,180								
Quebec	16.00	≤ $27,635 [E]	--	8.90 [B]	8.90	8.90	7.5	257.50	15.2	16.2
	20.00	$27,636 - 55,280								
	24.00	> $55,280								
Ontario	6.05	≤ $33,375 [E]	20.0/36.0	14.00	5.50	12.00	8.0	246.25	14.7	14.3
	9.15	$33,376 - 66,752								
	11.16	> $66,752								
Manitoba	10.90	≤ $30,544	--	15.50	5.00	15.50	7.0	387.50	11.5	10.9
	14.00	$30,545 - 65,000								
	17.40	> $65,000								
Saskatchewan	11.00	≤ $36,155	--	17.00	5.50	10.00	6.0	400.00	15.0	15.0
	13.00	$36,156 - 103,300								
	15.00	> $103,300								
Alberta	10.00	all income	--	12.50 [F]	4.00	12.50	--	400.00	9.0	9.0
British Columbia	6.05	≤ $32,476 [E]	--	13.50	4.50	13.50	7.5	447.50	14.5	15.0
	9.15	$32,477 - 64,954								
	11.70	$64,955 - 74,575								
	13.70	$74,576 - 90,555								
	14.70	> $90,555								
Northwest Territories	7.20	≤ $33,245 [D]	--	12.00	4.00	12.00	--	525.00	10.7 [G]	9.1
	9.90	$33,246 - 66,492								
	11.70	$66,493 - 108,101								
	13.05	>$108,101								
Nunavut	4.00	≤ $35,000 [D]	--	12.00	4.00	12.00	--	390.00	6.4 [G]	9.1
	7.00	$35,001 - 70,000								
	9.00	$70,001 - 113,804								
	11.50	>$113,804								
Yukon	7.04	≤ $35,000 [D]	5.0	15.00	6.00	2.50	--	330.00	6.2	7.2
	9.68	$35,001 - 70,000								
	11.44	$70,001 - 113,804								
	12.76	>$113,804								

Notes to Table:

A) The following jurisdictions levy a surcharge on personal income tax:
Newfoundland, 9% of provincial tax in excess of $7,032
Prince Edward Island, 10% of provincial tax in excess of $5,200
Nova Scotia, 10% of provincial tax in excess of $10,000
Ontario, 20 % of provincial tax in excess of $3,856 and 36% of provincial tax in excess of $4,864
Yukon, 5 % of territorial tax in excess of $6,000

B) The rate is 16.25% on non-active business income

C) Provincial share of Harmonized Sales Tax.

D) Income tax brackets are indexed using the Consumer Price Index.

E) Income tax brackets are indexed using the provincial rate of inflation.

F) Subject to affordability. Alberta's small business rate is scheduled to decrease to 3% by April 1, 2004 and the general rate to 11.5%.

G) Northwest Territories has two tax rates for gasoline – for highway usage (10.7) and for off-highway usage (6.4). Nunavut has no highways; therefore, the lower rate applies.

H) Rate changes may have occurred since the time of the survey (February 12, 2004). To determine current rates, reference should be made to each jurisdiction's Department of Finance.

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TOTAL EXPENDITURES BY DEPARTMENT / CORPORATION [1]

DEPARTMENT / CORPORATION	2004-05 ESTIMATE		2003-04 FORECAST		2002-03 ACTUAL	
	$000's	**%**	**$000's**	**%**	**$000's**	**%**
Yukon Legislative Assembly	**3,967**	**0.6**	3,886	0.6	6,109	1.1
Elections Office	**219**	**0.0**	142	0.0	632	0.1
Office of the Ombudsman	**414**	**0.1**	412	0.1	383	0.1
Executive Council Office	**21,893**	**3.1**	20,773	3.1	15,297	2.7
Community Services	**77,513**	**11.0**	76,692	11.6	45,791	8.0
Economic Development	**15,123**	**2.1**	10,866	1.6	4,351	0.8
Education	**111,356**	**15.8**	107,167	16.2	101,773	17.9
Energy, Mines and Resources	**37,055**	**5.3**	34,573	5.2	11,683	2.1
Environment	**21,127**	**3.0**	21,608	3.3	16,451	2.9
Finance	**5,048**	**0.7**	5,829	0.9	4,876	0.9
Health and Social Services	**169,720**	**24.0**	157,320	23.8	147,861	26.0
Highways and Public Works	**143,891**	**20.4**	122,356	18.5	116,786	20.5
Justice	**37,754**	**5.3**	36,614	5.5	35,561	6.2
Public Service Commission	**15,220**	**2.2**	17,010	2.6	21,007	3.7
Tourism and Culture	**18,825**	**2.7**	17,435	2.6	16,184	2.8
Women's Directorate	**634**	**0.1**	654	0.1	474	0.1
Yukon Development Corporation	**one dollar**	**0.0**	one dollar	0.0	3,000	0.5
Yukon Housing Corporation	**25,999**	**3.7**	27,922	4.2	21,172	3.7
Yukon Liquor Corporation	**one dollar**	**0.0**	one dollar	0.0	0	0.0
Total Expenditures	**705,758**	**100.0**	661,259	100.0	569,391	100.0

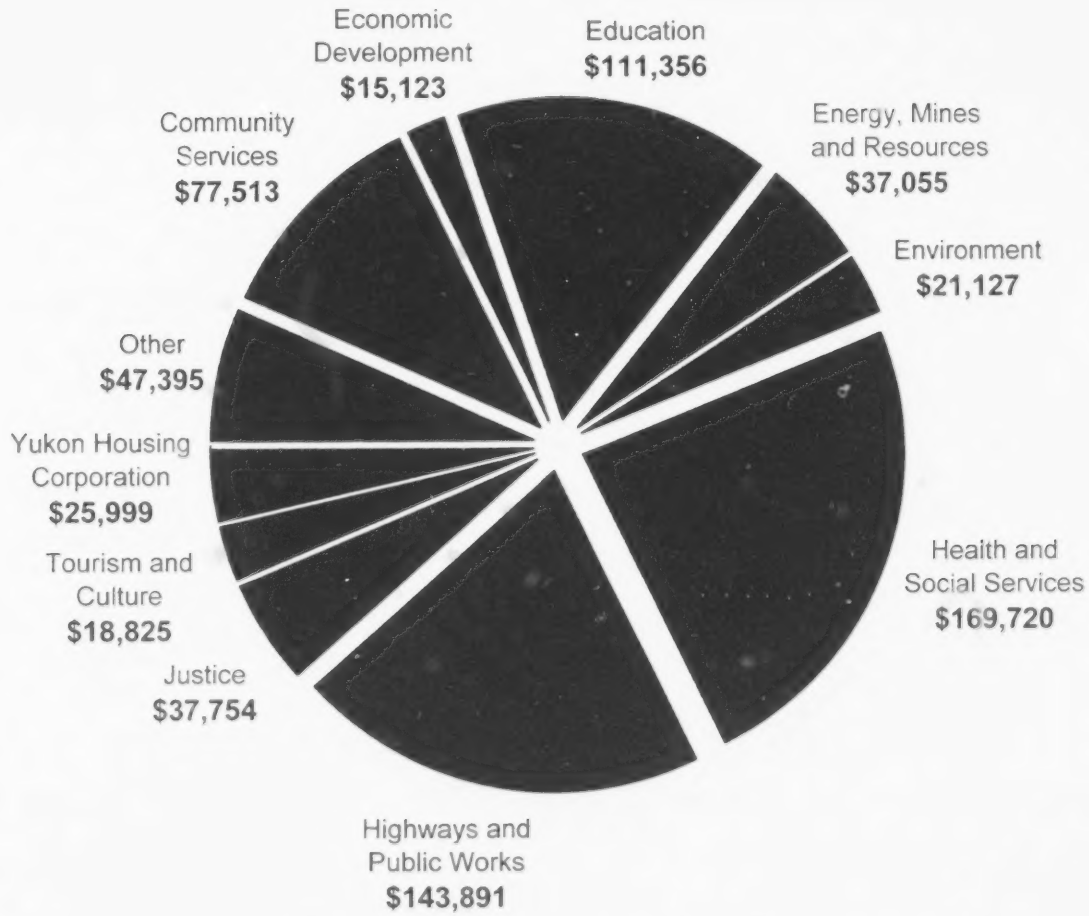
(1) Restated 2003-04 Forecast and 2002-03 Actual to be consistent with the 2004-05 Estimate presentation.

GOVERNMENT OF YUKON

O&M and CAPITAL EXPENDITURES BY DEPARTMENT

2004-05 BUDGET

$ THOUSANDS



"Other" includes Yukon Legislative Assembly, Elections Office, Office of the Ombudsman, Executive Council Office, Finance, Public Service Commission, Women's Directorate, Yukon Development Corporation and Yukon Liquor Corporation.

OPERATION AND MAINTENANCE [1]
EXPENDITURE SUMMARY BY DEPARTMENT / CORPORATION

DEPARTMENT / CORPORATION	2004-05 ESTIMATE		2003-04 FORECAST		2002-03 ACTUAL	
	$000's	%	$000's	%	$000's	%
Yukon Legislative Assembly	**3,927**	**0.7**	3,846	0.7	6,090	1.3
Elections Office	**214**	**0.0**	139	0.0	620	0.1
Office of the Ombudsman	**409**	**0.1**	407	0.1	378	0.1
Executive Council Office	**19,000**	**3.5**	17,357	3.3	14,431	3.1
Community Services	**45,533**	**8.4**	46,782	8.9	30,897	6.7
Economic Development	**6,286**	**1.2**	2,902	0.6	1,970	0.4
Education	**99,987**	**18.4**	95,516	18.3	92,101	19.9
Energy, Mines and Resources	**31,952**	**5.9**	29,109	5.6	6,999	1.5
Environment	**18,720**	**3.4**	17,912	3.4	15,414	3.3
Finance	**4,784**	**0.9**	5,053	1.0	4,774	1.0
Health and Social Services	**161,190**	**29.7**	153,698	29.4	143,255	31.0
Highways and Public Works	**72,482**	**13.3**	71,384	13.6	65,748	14.2
Justice	**36,677**	**6.8**	35,608	6.8	33,935	7.4
Public Service Commission	**15,134**	**2.8**	16,954	3.2	20,948	4.5
Tourism and Culture	**13,500**	**2.5**	13,185	2.5	13,243	2.9
Women's Directorate	**626**	**0.1**	550	0.1	474	0.1
Yukon Development Corporation	**one dollar**	**0.0**	one dollar	0.0	0	0.0
Yukon Housing Corporation	**12,683**	**2.3**	12,713	2.4	10,399	2.3
Yukon Liquor Corporation	**one dollar**	**0.0**	one dollar	0.0	0	0.0
Total Expenditures	**543,104**	**100.0**	523,115	100.0	461,676	100.0

(1) Restated 2003-04 Forecast and 2002-03 Actual to be consistent with the 2004-05 Estimate presentation

CAPITAL [1]
EXPENDITURE SUMMARY BY DEPARTMENT / CORPORATION

DEPARTMENT / CORPORATION	2004-05 ESTIMATE		2003-04 FORECAST		2002-03 ACTUAL	
	$000's	**%**	**$000's**	**%**	**$000's**	**%**
Yukon Legislative Assembly	**40**	**0.0**	40	0.0	19	0.0
Elections Office	**5**	**0.0**	3	0.0	12	0.0
Office of the Ombudsman	**5**	**0.0**	5	0.0	5	0.0
Executive Council Office	**2,893**	**1.8**	3,416	2.5	866	0.8
Community Services	**31,980**	**19.7**	29,910	21.7	14,894	13.8
Economic Development	**8,837**	**5.4**	7,964	5.8	2,381	2.2
Education	**11,369**	**7.0**	11,651	8.4	9,672	9.0
Energy, Mines and Resources	**5,103**	**3.1**	5,464	4.0	4,684	4.3
Environment	**2,407**	**1.5**	3,696	2.7	1,037	1.0
Finance	**264**	**0.2**	776	0.6	102	0.1
Health and Social Services	**8,530**	**5.2**	3,622	2.6	4,606	4.3
Highways and Public Works	**71,409**	**43.9**	50,972	36.9	51,038	47.4
Justice	**1,077**	**0.7**	1,006	0.7	1,626	1.5
Public Service Commission	**86**	**0.1**	56	0.0	59	0.1
Tourism and Culture	**5,325**	**3.3**	4,250	3.1	2,941	2.7
Women's Directorate	**8**	**0.0**	104	0.1	0	0.0
Yukon Development Corporation	**0**	**0.0**	0	0.0	3,000	2.8
Yukon Housing Corporation	**13,316**	**8.2**	15,209	11.0	10,773	10.0
Total Expenditures	**162,654**	**100.0**	138,144	100.0	107,715	100.0

(1) Restated 2003-04 Forecast and 2002-03 Actual to be consistent with the 2004-05 Estimate presentation

TANGIBLE CAPITAL ASSETS AND WORK-IN-PROGRESS EXPENDITURES [1]
SUMMARY BY DEPARTMENT / CORPORATION
($000'S)

VOTE	DEPARTMENT / CORPORATION	2004-05 ESTIMATE	2003-04 FORECAST	% CHANGE	2002-03 ACTUAL
01	Yukon Legislative Assembly	**15**	16	-6%	0
24	Elections Office	**0**	0	0%	0
23	Office of the Ombudsman	**0**	0	0%	0
02	Executive Council Office	**0**	30	-100%	0
51	Community Services	**3,570**	2,668	34%	748
07	Economic Development	**0**	14	-100%	0
03	Education	**1,730**	4,705	-63%	3,766
53	Energy, Mines and Resources	**40**	195	-79%	47
52	Environment	**374**	1,780	-79%	52
12	Finance	**0**	17	-100%	0
15	Health and Social Services	**2,418**	812	198%	1,001
55	Highways and Public Works	**50,376**	35,887	40%	37,344
08	Justice	**544**	663	-18%	388
10	Public Service Commission	**29**	11	164%	0
54	Tourism and Culture	**0**	0	0%	25
11	Women's Directorate	**0**	0	0%	0
Total Expenditures [2]		**59,096**	46,798	26%	43,371

(1) Restated 2003-04 Forecast and 2002-03 Actual to be consistent with the 2004-05 Estimate presentation.
(2) Excludes Yukon Housing Corporation, Yukon Liquor Corporation and Yukon Development Corporation.

CHANGES IN TANGIBLE CAPITAL ASSETS AND AMORTIZATION [1]
($000'S)

	2004-05 ESTIMATE	2003-04 FORECAST	2002-03 ACTUAL
Beginning of the Year			
Cost of Tangible Capital Assets in service	**1,206,268**	1,148,162	1,106,523
Accumulated amortization	**(465,795)**	(436,118)	(409,285)
Net book value	**740,473**	712,044	697,238
Work-in-progress	**16,895**	27,982	29,503
Total Net Book Value and Work-in-Progress	**757,368**	740,026	726,741
Changes during the Year			
Cost of Tangible Capital Assets			
Capital expenditures	**49,031**	31,391	17,326
Devolution	**0**	2,836	0
Work-in-progress put in service during year	**14,478**	25,266	27,356
Disposals	**0**	(1,387)	(3,043)
Accumulated amortization			
Amortization Expense	**(32,039)**	(31,021)	(29,331)
Disposals	**0**	1,344	2,498
Work-in-progress			
Capital expenditures	**10,065**	15,407	26,045
Write downs	**0**	(1,228)	(210)
Work-in-progress put in service during year	**(14,478)**	(25,266)	(27,356)
End of the Year			
Cost of Tangible Capital Assets in service	**1,269,777**	1,206,268	1,148,162
Accumulated amortization	**(497,834)**	(465,795)	(436,118)
Net book value	**771,943**	740,473	712,044
Work-in-progress	**12,482**	16,895	27,982
Total Net Book Value and Work-in-Progress	**784,425**	757,368	740,026
Deferred Capital Contributions			
Balance, beginning of the year	**(421,252)**	(411,315)	(396,823)
Additions	**(25,395)**	(24,347)	(28,418)
Amortization of deferred capital contributions	**15,170**	14,410	13,926
Balance, end of the year	**(431,477)**	(421,252)	(411,315)

(1) Restated 2003-04 Forecast and 2002-03 Actual to be consistent with the 2004-05 Estimate presentation.

MAIN ESTIMATES

HISTORICAL COMPARISON

($000'S)

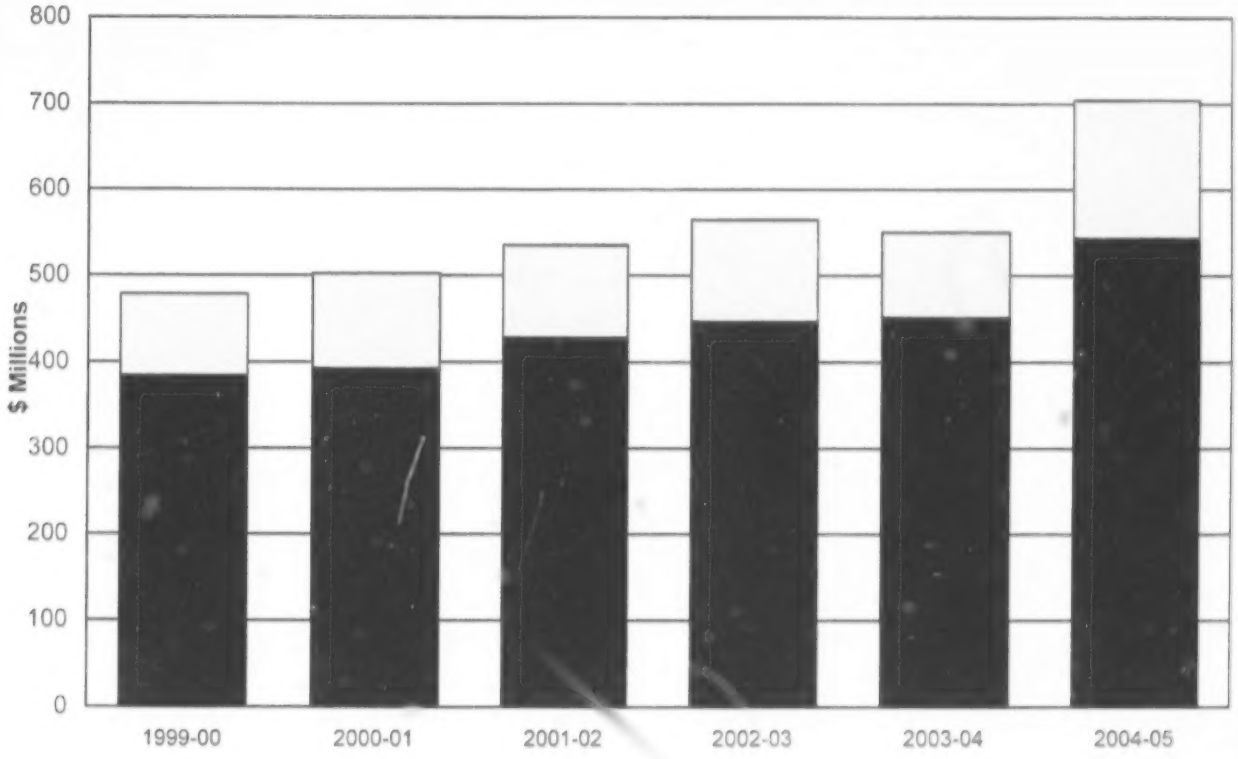
	O & M	CAPITAL	TOTAL
2004-05	**543,104**	**162,654**	**705,758**
2003-04	451,326	98,693	550,019
2002-03	446,635	118,177	564,812
2001-02	428,188	106,963	535,151
2000-01	392,801	109,580	502,381
1999-00	384,217	94,314	478,531
1998-99	370,360	70,598	440,958
1997-98	363,363	88,583	451,946
1996-97	346,821	124,925	471,746
1995-96	343,735	145,112	488,847
1994-95	346,210	121,724	467,934
1993-94	352,485	128,298	480,783

Note: These figures reflect the voted expenditures as per the estimates for the relevant year and have not been restated for purposes of comparison.

GOVERNMENT OF YUKON

O & M and CAPITAL EXPENDITURES

1999-00 TO 2004-05



NOTE: These figures reflect the voted expenditures as per the Main Estimates for the relevant year and have not been restated for purposes of comparison.

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